Daily Report

Latin America

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International Affairs: Parlatino on 'Militarist' UK Stance

PY1903034996 Madrid EFE in Spanish 1601 GMT 18 Mar 96

[FBIS Translated Text] Sao Paulo, 18 Mar (EFE) — The board of directors of the Latin American Parliament (Parlatino) today exhorted the UK to "immediately suspend" its "militarist attitude regarding the South Georgia islands, in the Atlantic Ocean, where the UK military ships are persecuting Argentine fishing boats.

A Parlatino declaration, which was issued today at the organization's permanent seat in the Brazilian city of Sao Paulo, "deeply deplores" the UK's "militarist attitude, which goes against the principles and norms of the international laws." The declaration confirms its "clear position of defending Argentine sovereignty."

The Parlatino also deems that military persecution of Argentine boats in order to demand the payment of fishing rights for fishing on the South Georgia islands, "clearly violates a treatment that is in force." Sovereignty over the islands is being disputed by Argentine and the UK.

The declaration, which was signed by Parlatino President Juan Adolfo Singer and Parlatino Secretary General Ney Lopes, also asks the two countries to resume negotiations based on the Joint Declaration that was issued in New York on 27 September 1995.

International Affairs: Brazilian Minister on Environment

PY1803154596 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 18 Mar 96

[Report by Cristiane Ribeiro in Rio de Janeiro]

[FBIS Translated Text] The Brazilian Government is closely following negotiations between lumber companies and Malaysian companies. Environment Minister Gustavo Krause noted that Brazil is not a banana republic.

Krause stated that the Brazilian Government is aware of its responsibilities in terms of protecting its ocean and its rain forest, and that it has made every effort needed to update measures to monitor the protection of the environment.

In an impromptu speech, Krause noted that although every society should be responsible for protecting the environment, it is incumbent upon governments to make the political decision to implement the required actions. Thus, in his opinion, it is necessary for everyone to reflect on this issue all the time.

A meeting of environment ministers from 30 countries — including those of the United States, France, Japan, Malaysia, and Argentina — revolves primarily around what these countries have done about the environment since the UN Conference on Environment and Development in Rio de Janeiro in 1992, which became known as Rio-92.

Another major topic on the agenda is that involving industrial gas emissions, which provoke the greenhouse effect. Krause said the debate will also focus on the appropriate use of water resources, which is one of the most delicate issues concerning the environment because more than 20 countries are already suffering a shortage of potable water.

No official document will be released at the end of this informal meeting, which is scheduled to close on 18 March, but the conclusions will be taken to the Sustainable Development Commission, which is due to convene in New York in April.

[Rio de Janeiro JORNAL DO BRASIL in Portuguese on 17 March, page 29, carries a related 250-word report, which adds that "an informal meeting of 22 environment ministers is being held on 17-18 March at the Portobello Hotel in Mangaratiba, on the Atlantic coast of Rio de Janeiro State."]

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Inter-American Affairs: Expert Fears U.S. FTAA Proposal

PY1803192496 Sao Paulo AGENCIA ESTADO in Portuguese 1337 GMT 16 Mar 96

[Report by Vladimir Goitia]

[FBIS Translated Text] Sao Paulo, 18 Mar (AE) — Ministers of industry and commerce, foreign ministers, and nearly 1,200 businessmen from 34 countries of the Americas (except Cuba) will converge on Cartagena, Colombia, on 18 March to discuss ways to create the Free Trade Area of the Americas (FTAA) by 2005. This will be the second ministerial meeting of this type in less than a year. The first was held in Denver in June 1995.

The initiative to create a continentwide free trade zone, which would be the world's largest, was proposed during the Miami Summit in December 1994. The United States and Canada are most interested in expediting the process of trade integration in the continent. Mercosur [Common Market of the South] member countries — especially Brazil — have proposed, however, to move at a slower pace. They would like integration be implemented through the existing economic blocs like Mercosur, NAFTA, the Andean Pact, and the Group of Three (Mexico, Colombia, and Venezuela).

Even without having set a date for the start of technical negotiations, the FTAA has already stirred controversy. Attorney Durval Noronha, who served as the Brazilian representative to the Uruguay Round and as an arbiter of GATT and the WTO, has said that if the United States would like the FTAA to be an appendix of NAFTA, it would be highly negative for other countries to join the FTAA. He said: "All countries must be alert. The NAFTA model has been disastrous for Mexico and it would be disastrous for all other Latin American countries. In his opinion, Mexico has always been at a disadvantage because of its economic dependence.

In Cartagena, Noronha adds: "The United States is likely to submit unacceptable proposals based on principles incorporated within NAFTA, which are nothing but U.S. laws designed to obtain immediate economic advantages." He warns: "These proposals must be categorically rejected." He believes great attention and care must be taken in discussing and negotiating an agreement with the United States.

Noronha, who is also the chief legal adviser on FTAA issues at the North-South Center of the University of Miami, said the new bloc will offer the United States the chance to revise its trade laws which are "obsolete and grotesque," and make the United States more trustworthy as a signatory of a trade deal. He said: "U.S. trade partners have always been subjected to U.S. laws and have had to surrender their sovereign rights. This is unacceptable."

The proposal to create a continentwide free trade area will also mean its promoters must overcome major hurdles, such as the economic differences existing among the 34 countries involved. Issues such as investment rules, access to markets, technical and health rules, subsidies, dumping and surcharges, in addition to the controversial industry property rights are among the major issues that need to be overcome to pave the way for a free trade zone extending from Alaska to Tierra del Fuego.

The standardization of a large number of subregional agreements and the establishment of mechanisms to eliminate both tariff and non-tariff barriers are other challenges that need to be met. An example of these difficulties is the thus far unsuccessful attempt to get Chile to join NAFTA. The difficult task of creating a free trade zone between Mercosur and Chile is another example of the type of stumbling blocks that lie ahead.

Other experts have also pointed to difficulties the United States had in getting the U.S. Congress to approve NAFTA. Furthermore, the economic crisis Mexico experienced a year after NAFTA went into effect should also be a complicating factor for the United States in its effort to promote the continentwide free trade zone. One expert said: "While in December 1994, during the Miami summit, President Bill Clinton said the creation of the FTAA was just a matter of time, experience and facts have demonstrated that the reality is altogether different."

Both the Inter-American Development Bank (IDB) and the Economic Commission for Latin America (ECLA) have noted that, at this time, Clinton lacks "the political authority" to negotiate a continentwide trade association with Congress. For instance, the U.S. Congress — which is controlled by Republicans — refused to grant a "fast track" treatment (to assign a high priority to its discussion) to negotiations with Chile.

Noronha noted, however, that the initiative to create the FTAA can help to improve the gains achieved during the Uruguay GATT Round. Among these are issues concerning agricultural subsidies, services, investments, and settlement of disputes." He added: "The issue of agricultural subsidies is highly significant because they have affected farmers in other countries." He said: "Latin American countries should take this matter into consideration."

Regarding the area of services, Noronha said it is also important for Brazil, whose economy (60 percent) depends on this area. He said: "It is a point that needs

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to be resolved because many barriers were erected at the Uruguay Round for the providers of services."

During the Cartagena meetings, the United States will seek to establish a date for the start of negotiations, which are considered essential in the objective of creating a continentwide free trade zone. Initially, the United States is expected to make its proposal by mid-1997. It cannot be made before in light of the electoral process under way in that country.

Inter-American Affairs: Mercosur Accounting Office Meeting

PY1903173796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2219 GMT 15 Mar 96

[FBIS Translated Text] Buenos Aires, 15 Mar (NA) — Within the framework of a Mercosur [Common Market of the South] Superior Accounting Offices Meeting [Encuentro de Entidades Fiscalizadoras Superiores del Mercosur], the heads of the Argentine, Brazilian, Paraguayan, and Uruguayan accounting offices met today to exchange experiences and enhance institutional contacts.

The meeting's host, General Accounting Office Director Enrique Paixao, noted that, even though the establishment of a Mercosur accounting office represents "a political decision shared by the four [member] countries," he champions making headway in a joint task among the nations of our region.

The AGN [National Accounting Office] and Brazil's National Accounting Office recently signed a cooperation agreement on exchanging officials for participation in training courses.

During the meeting of accounting offices, which was held at the AGN headquarters at 1200 Hipolito Irigoyen Street, Marcos Vinicius Rodrigues Vilaca, the Brazilian National Accounting Office head; Reinaldo Semraldi, the Uruguayan National Accounting Office head; and Daniel Fretes Ventre, the Paraguayan National Accounting Office head, were present.

The heads of the accounting offices signed a memorandum of understanding in which they commit themselves to making efforts to establish a common data base through the Internet informatics network, a step that would be decided within the framework of a meeting scheduled for 26 July in Asuncion, Paraguay.

It was also agreed to design "joint control activities, without affecting the sovereignty of the Mercosur member states," and facilitate meetings with the EU Accounting Office, inviting it to a meeting scheduled for September in Buenos Aires.

The Paraguayan Accounting Office head emphasized the Paraguayan Accounting Office's accounting control over Central Bank irregularities, involving a $500-million deficit, and the Paraguayan Accounting Office's petition to participate in controlling the binational entities, a petition that was not authorized by the Paraguayan Government.

Brazil's Rodrigues Vilaca pointed out that, unlike the other accounting offices of Mercosur member countries, the Brazilian National Accounting Office's decisions "have the force of law and are implemented through the Attorney General's Office." He explained that the Brazilian National Accounting Office is focusing its attention on privatization processes and on the Amazon Region Surveillance System contracts.

Inter-American Affairs: Businessmen on ALCA Participation

PA2003042096 Mexico City NOTIMEX in Spanish 1750 GMT 18 Mar 96

[Report by Edelmiro Franco]

[FBIS Translated Text] Cartagena de Indias, 18 Mar (NOTIMEX) — An official source reported today, that businessmen will propose to the governments that they define clear mechanisms to allow the private sector to participate in the establishment of the Free Trade Area of the Americas (ALCA).

Jorge Ramirez Ocampo, coordinator of the Business Forum of the Americas, asserted "we are going to present proposals that we have called the early crops of integration."

During a news conference, Ramirez Ocampo, who is coordinating the event that is to be attended by approximately 1,200 businessmen from the entire continent, said "the private sector has a great deal to contribute. It has problems, ideas, and solutions."

He explained that the private sector in the hemisphere will state that there is an urgent need to solve several problems that are negatively affecting commerce and international investment and to define the technical standards in each country because heterogeneity in procedures makes the commercial opening process difficult.

Other obstacles in the commercial integration process that were mentioned by Ramirez Ocampo are "internal U.S. political problems and the internal economic crisis in several countries."

"We want to advance in the proposal for mechanisms that will allow the private sector in the hemisphere to participate in the process of establishing ALCA," Ramirez Ocampo underscored.

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The spokesman of the private sector asserted that two paths have to be worked on to be able to establish ALCA: one is to consolidate the existent commercial agreements and the other is the holding of multilateral negotiations similar to "what has been done with the Uruguay Round and the one in Tokyo."

Multilateral commitments — he said — will stop countries from acting or taking individual actions in accordance to their interests, such as the Burton-Helms law, which stipulates sanctions by the United States to third countries that negotiate with Cuba, or the so-called decertification against Colombia.

"The debate on the individual differences will be more expeditious in the measure that we have multilateral legal instruments," he commented.

Ramirez Ocampo insisted that "as long as there are no multilateral commitments, the different countries will act in the framework of their own respective interests."

He acknowledged that several governments have the political will to make the free commerce zone in the hemisphere a reality by the year 2005. This has been manifested at the Miami summit in December 1994 and at the ministers meeting in Denver in June 1995.

At the meeting in Cartagena, the commerce ministers must confirm the three fundamental principles approved at the Denver summit, Ramirez Ocampo asserted. They are: 1) to have an open integration; 2) to adjust to WHO norms; and 3) to conciliate the interests of the big, medium-size, and small countries.

"We have to make an open integration and not establish a wall around the American hemisphere that will impede commerce with third countries and we must strengthen the continent's capabilities so that it can participate in all the international integration processes," he observed.

The business forum starts tomorrow, Tuesday, and ends the following day with a document containing proposals and recommendations that will be presented to the 34 commerce ministers of the continent who will start to meet in this city between 20 and 21 March.

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Cuba

Cuba: Health Minister on 'U.S. Economic Aggression'

PA1703154996 Havana PRENSA LATINA in Spanish 1914 GMT 15 Mar 96

[By Lidia Senaris]

[FBIS Translated Text] Havana, 15 Mar (PL) — Health Minister Carlos Dotres said today that the Cuban health system has always existed under siege conditions and will know how to face the tightening of the U.S. economic aggression.

In a statement to PRENSA LATINA, Dotres admitted the possible impact in health areas from the recently approved Helms-Burton law, but ruled out any concern in this regard and remarked that "the positive health indicators achieved by Cuba will not be taken away by any law in this world."

He added sarcastically that "the Helms-Burton law is nothing but the acute outbreak of a chronic disease which Cuban doctors know quite well: U.S. economic aggression."

"Despite decades of U.S. blockade, our nation boasts the lowest infant mortality rate in Latin America, and without a doubt, we have the best system of medical services in the Third World," the official noted.

We have prepared ourselves, he indicated, to provide quality and low-cost attention in order to promote the prevention of diseases and effectiveness at basic levels, that is, [item incomplete as received].

Cuba: Allende Says Helms-Burton Law 'Irrationality'

BR1903145596 Madrid ABC in Spanish 16 Mar 96 p 36

[Report by Ramiro Villapadierna: "Downing Was Inevitable; What You Consider an Outrage, For Me Means Defending Our Sovereignty"]

[FBIS Translated Text] Prague — In an interview with ABC, Cuban Deputy Foreign Minister Isabel Allende said that the Helms law "universalizes the embargo on Cuba" and violates "several WTO precepts." She also said that "if 'necessary' is not the right word," the recent downing of the Cuban immigrants' planes "was at least inevitable." She also acknowledged that, in a sense, it had been "a warning to the United States."

For its part, Washington, after being warned, passed the Helms-Burton law, which strengthens the economic embargo on [Cuban President] Castro's regime. "This reflects the highest point of incomprehensible irrationality on the part of the U.S. administration," according to Allende. "I fail to understand it, because clearly it does not work. Cuba is not giving in."

The Cuban representative is touring the former Communist countries in what amounts to the first attempt to re-establish the lost economic relations with Cuba's former suppliers. She also seized the opportunity to meet groups of Cubans, mostly students who did not return after 1989, to "exchange viewpoints," although the only viewpoints heard were her official opinions, and subsequently the Cubans described Allende as being "doctrinaire and retrograde." She stated that Cuba had never "ideologized" its trade relations, "but we cannot trade with those who do not wish to do so, nor can we improve our relations with those who wish to worsen them." This revolutionist made no bones about comparing her regime with other totalitarian or fundamentalist regimes, asking: "Why are those countries not being criticized, whereas Cuba is?"

This first tour to re-establish contact with Cuba's former comrades included Romania — a country with which she claimed that "we have excellent relations" — Slovakia, the Czech countries, and Poland. "We are trying to work on a trade agreement which will also protect investment, like the agreement we have with Romania." Cuba's largest trading partner today is still Russia, according to Allende. With regard to the thorny issue of the debt with these countries, which for a long time subsidized the regime, "we have decided not to tackle it for the time being" and "we have explained that for the moment we cannot pay." However, Allende added that "on the other hand, many contracts were breached on this side, and all this must be taken into account in the final balance sheet."

Asked by our newspaper, the deputy minister criticized President Clinton's recent signing of the Helms-Burton law, "which not only strengthens but also universalizes the embargo." "True, it will create difficulties for Cuba, but also for everyone else because it will affect all those who normally trade with Cuba, including your country," and for this reason she believed that "it clearly violates many WTO precepts." She was unable to say, however, whether in the event her country would sue the United States within the WTO. In Allende's opinion, the strengthening of the embargo represents the height of "U.S. political irrationality," while at the same time claiming that the move had been carefully thought out because it had come "at a time when economic prospects were improving, showing that our system works."

Concerning the consequences, she said that the law "is very aggressive," but she said that she trusted "the investors associated with our country. I know that some of the Canadians or those of Melia have said that they

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will not go. I imagine this law will make economic transactions more difficult, but I do not believe it can prevent them." "The experience of the last 30 years of embargo shows that this law will not succeed either. (...) I regret it above all because those who will suffer most will be the Cubans in the United States through the restrictions on relations and visas."

With regard to "the regrettable incident with the" downed U.S. "planes," in which four people were killed, Allende said it was "inevitable." Asked about the lack of grounds for shooting down a plane just because it had violated someone's airspace, the deputy minister replied that "what you consider an outrage, for me means defending our sovereignty" and she then evaded the question by arguing that the reason for downing the planes was "a national security issue" and claiming that the planes "were flying over a restricted area for military use." "This is why I regret the general condemnation (by the Security Council), which took place without waiting for our explanations. The Council met before (Minister) Robaina arrived."

Allende recalled the Iranian airplane which was shot down by mistake by the United States, arguing that "a double standard is being used with Cuba, we are being criticized for having political prisoners, but others have them too."

Cuba: Foreign Minister Comments on Helms-Burton Law

PA1903171696 Havana PRENSA LATINA in Spanish 1536 GMT 19 Mar 96

[FBIS Translated Text] Havana, 19 Mar (PL) — Cuban Foreign Relations Minister Roberto Robaina said that his country is today studying details of the Helms-Burton law and ways to respond to this U.S. measure. Robaina also ratified Cuba's economic opening to foreign capital.

During a news conference yesterday in this capital, the Cuban foreign minister told entrepreneurs that the road taken on commercial and economic relations "has not varied and no law of such characteristics will alter this."

When referring to the U.S. legislation aimed at hardening the blockade against Havana, the foreign relations minister was of the opinion that the law needs Cuba and the world's response, because it not only goes against the sovereignty of this Caribbean state, but also against the rest of the world.

According to Robaina, the law did not surprise the Cubans, because "as far as we are concerned it had other names before... at one time it was called Platt, more recently it was called Torricelli, and now it has just been renamed Helms-Burton. We will have to see what new name it will be given next."

If there is anybody who was not surprised by the approval of the law, it is those Cubans who decided to go down the road we chose on 1 January 1959 (when the revolution on the island triumphed), he added.

Robaina announced that an official Cuban declaration will be issued today, Tuesday, regarding the legislation signed on 12 March by U.S. President William Clinton.

Cuba: Robaina States Position on Helms-Burton Law

PA2003012996 Havana Radio Rebelde Network in Spanish 1800 GMT 19 Mar 96

[From the "National Radio News" newscast]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina revealed Cuba's position on the Helms-Burton law to the foreign and domestic press today.

[Begin Robaina recording] We have summoned you today, because Cuban and international opinion have expressed an interest in knowing the Revolutionary Government of the Republic of Cuba's position on the Helms-Burton law that was signed by the U.S. President on 12 March.

We have not gotten desperate and made this statement. Confronted with such a serious offense, we have had to exercise an unimaginable amount of patience not to overreact and fall to the same level of those who today, as blood-thirsty executioners, happily await the damage this law can inflict on our people. Additionally, this is not the first time the Cubans — the government and especially the people of Cuba — express our position in this respect with absolute clarity and we are not going to stop from doing so now that the law has been signed.

The history of the non-relationship between Cuba and the United States has been one of constant aggressions. However, as history itself has shown, the aggressions, which surpassed each other in intensity, are destined to fail. There is nothing and no one, regardless of how powerful he may be, who can humiliate and subject those of us who believe and firmly defend freedom, democracy, social justice, and the Socialism chosen by our country. [sentence as heard]

Cuba denounced the objectives of the Cuban-American ultra-rightist sectors in collusion with ultra-conservative U.S.congressmen for the first time during the past year. However, there are people who have harbored doubts about the terms used by Cuba in presenting its charges. Also, during the past year, many countries in the world have expressed their rejection to the additional efforts

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being exerted by the United States to internationalize its shameful sanctions against Cuba. Specifically, the world condemned the United States at the United Nations, in an almost crushing manner, for its aggression against us during the past 30 years.

During this entire year, the debate between the U.S. Congress and the Administration has been centered precisely on the fear that the world would not accept the law. However, once again, the United States has shown that the 1980's film "Star Wars" was just a herald of what the empire was going to do in the world at the end of the century and what it can do in the next. With effrontery and savage arrogance it has made fun of its allies and neighbors and has shredded international law and free trade regulations because it has actually spurned its commitments to the world organizations and regional associations to which it belongs.

In its thirst for vengeance, and not content with humiliating the world, and showing little pride and an utter lack of national dignity, it has gone against the U.S. Constitution itself. Thus, the U.S. politicians, who have become puppets of the Cuban-American mafia, took the drastic decision, which can encumber the current order and their country's future relations, of ceding the presidential prerogative of making foreign policy to Congress. This is truly shameful and shows just how revolting the U.S. electoral course can get to be. It does not respect laws, principles, or alliances; only pursues its short myopic interests.

In addition, we have still had to endure the U.S. representative's statements at the WTO when Cuba and several other countries denounced the legal blunder yesterday. The U.S. representative — for whom I can only feel extreme pity — complied with the bitter duty of telling the rest of the countries that the objectives of the law were not to affect the sovereignty of third countries. You have to be crazy, illiterate, or very stupid not to notice how the U.S. Administration sways back and forth. It approved and signed a legal document that penalizes the countries that have relations with Cuba and now it denies this. What play on words is this? How will the United States trick public opinion and the businessmen? What new trick will it use to clean the shameful action of 12 March?

As for Cuba, we are not desperate. We studied the law thoroughly, word by word and paragraph by paragraph, to be able to counter it with the same or greater level of combativeness with which our people have confronted American aggressions throughout their history. We are not desperate because the economic opening policy initiated by our government, which this law attempts to invalidate, is not imperiled and we will not relinquish it. We are not concerned with threats to sanction third parties because yesterday, today, and tomorrow, we will give only one reply to all interested businessmen: There are absolutely no U.S. properties in Cuba. Cuba is not a U.S. market. It is not a deposit in guarantee of colonial capital and was not gained by criminal means. All the economic assets of this country belong to the people, to Cuban citizens, and, where agreements have been reached, to the partners that we have sovereignly chosen.

With this background information, I present to you the government's official position regarding the new affront to the people of Cuba:

Declaration of the Ministry of Foreign Relations.

The U.S. Congressional approval of the so-called Cuban Liberty and Democratic Solidarity Act, signed by the U.S. president, represents an act of fundamental aggression against the Cuban nation. This represents another attempt to impose on Cuba the hegemonic and expansionist will that persists among powerful groups in the United States.

By doing this, the U.S. Government expressed its clear disregard for the provisions governing law and international coexistence. Such fundamental principles as respect for the sovereignty, independence, and self-determination, are dangerously undermined by the U.S. intention to legislate from their country, with their government agencies, and in English, on the destiny and future of Cuban nation.

The objective is clear: To punish Cuba for its effort to decide, in a free, sovereign, and independent manner, its own political, economic, and social organization; for procuring for its people a future of justice free from foreign interference and their selfish interests, like those that controlled the country under the U.S.-controlled period of more than 60 years. This is the most recent attempt to destroy the Cuban revolution, a desperate effort that, as this law reveals, they have pursued since 1 January 1959.

This act from the U.S. Administration also represents an offense against the international community as a whole and becomes, in fact, a test case for a world government, about which Cuba has warned time and again. They plan to apply the weight of the U.S. law to third countries and force governments, citizens, and private entities from sovereign states to join the policy of economic blockade against Cuba, a policy repudiated and insistently condemned by the international community.

It constitutes the most absolute act of disregard for international public opinion and the overwhelming demands made by most sovereign and independent states. The

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provisions of this law go against important provisions of international trade and the organizations that govern this indispensable activity among nations.

The Ministry of Foreign Relations of the Republic of Cuba strongly rejects this new act of aggression from the U.S. Government. The intention to starve the Cuban people into submission will fail, as have failed all hostile efforts that for more than 37 years have been directed against the Cuban revolution. Cuba ratifies its firm determination to defend its sovereignty, independence, and self-determination, and it knows that justice and the truth are on its side.

The encouraging signs of economic recovery Cuba is experiencing, will not be reversed or stopped by the promulgation and application of this law. The strategy to survive economically and resume the path of development we have followed in recent years will continue to advance, and the economic ties of the country with the world will continue to strengthen.

While rejecting every attempt of foreign intervention and imposition, Cuba insists on its determination to live in peace with all countries of the world, on the basis of respect and equality. That is the unyielding desire and resolve of its people.

As the Cuban Government has said, the path undertaken by the revolution since 1 January 1959 is irreversible.

[Signed] Ministry of Foreign Relations

[Dated] Havana, 19 March 1996 [end recording]

Cuba: Robaina Outlines Strategy Against Helms-Burton Law

PA1903230196 Havana PRENSA LATINA in Spanish 1959 GMT 19 Mar 96

[FBIS Translated Text] Havana, 19 Mar (PL) — Cuban Foreign Relations Minister Roberto Robaina stated here today that the implementation of the Helms-Burton law will not change Cuba's integration into the international community because the original plan for this process took into consideration the approval of this law.

At a news conference, the Cuban foreign relations minister presented the Cuban Government's official position on dealing with the implementation of the Helms-Burton law.

He explained that Havana's strategy is to neutralize these legal provisions through mechanisms that will bypass the extra territoriality of the Helms-Burton Law.

While mentioning specific steps that are being taken for this purpose, Robaina explained that the Cuban authorities are informing foreign investors that it is impossible to implement this law because — he emphasized — there are no U.S. properties in Cuba.

"We will become a nightmare for the United States." Stated the Cuban foreign relations minister when he referred to a "thorough study" that will be made of every article of this law that attempts to harden Washington's blockade against Havana that began in 1962.

He added that Cuban experts will seek solutions to the obstacles that the Helms-Burton law might create to hinder Cuba's promotion of foreign investment as a cornerstone for national development.

Robaina predicted the success of this national policy because — he said — the harmful effects of the Helms-Burton law began to be felt much earlier before it was signed last 12 March. This law has unsuccessfully attempted to restrict the presence of foreign firms in the Cuban economy.

Thus far — he pointed out — not a single businessman has withdrawn from the Cuban market. He underscored that the most common reaction was to wait to see how events might develop." [no initial quotation mark as received]

"You will never hear that Cuba will abandon its search for new ways of communications with the United States." Said Robaina, who disclosed that thus far there has been no communication with the U.S. Government.

He concluded: There have been, however, frequent meetings with representatives of U.S. sectors who are interested in promoting bilateral relations. This dialogue has been maintained even after the approval of the Helms-Burton law.

Cuba: Government Calls Helms-Burton Law 'Aggression'

PA1903235296 Havana PRENSA LATINA in Spanish 2009 GMT 19 Mar 96

[FBIS Translated Text] Havana, 19 Mar (PL) — The Cuban Foreign Ministry today termed the U.S. Helms-Burton law an act of fundamental aggression against the nation and another attempt to impose on the island the hegemonic will of Washington-based power groups.

A statement read by Foreign Relations Minister Roberto Robaina, in a news conference, indicates that by signing this legislation "the U.S. Government expressed its clear disregard for the provisions governing law and international coexistence."

According to the document, fundamental principles such as "respect for the sovereignty, independence, and self-determination are dangerously attacked by the

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U.S. intention to legislate from its country, with its government agencies and in English, on the destiny and future of the Cuban nation."

The communique cited as a main objective of the so-called "Cuban Liberty and Democratic Solidarity Act" the punishment against the Caribbean nation for "its determination to decide, in a free, sovereign and independent manner, their own political, economic, and social organization."

It states that the White House hopes to punish, through the Helms-Burton law, the decision of the Cuban Government to "procure for its people a future of justice free from foreign interference and selfish interests, like those that controlled the country during the U.S.-controlled period of more than 60 years."

According to the text, this legislation represents the most recent attempt to destroy the Cuban revolution, a thing that — the document stresses — Washington authorities have been desperately seeking since 1 January 1959.

The Ministry of Foreign Relations (Minrex) of Cuba highlighted the extraterritorial nature of the U.S. measure, which — it notes — is an offense against the international community as a whole and becomes a "world government test."

Minrex states that "they are trying to apply the weight of U.S. law against third countries and force governments, citizens, and private entities from sovereign states to join the policy of economic blockade against Cuba, a policy repudiated and insistently condemned by the international community."

It says that the provisions of the legal instrument, signed on 12 March by U.S. President William Clinton, contradict the most important provisions of international trade and of "the organizations that govern this indispensable activity among nations."

In its declaration, Minrex rejected "strongly this new act of aggression from the U.S. Government" and ratified Cuba's resolve to defend its sovereignty, independence, and self-determination.

It states that "the purpose to starve the Cuban people into submission will fail, as have failed all hostile efforts that for 37 years have been directed against the Cuban revolution."

"The encouraging signs of economic recovery that Cuba is showing will not be reversed or stopped by the promulgation and application of this law," says the text revealed by Robaina in this capital.

In addition, it says that "the strategy to survive economically and resume the path of development we have applied in recent years, will continue to advance," and the commercial ties of the island with the world will strengthen.

In addition, it lashes out against every foreign intervention attempt, and insists on Cuba's will to live in peace with all countries of the world, "on the basis of respect and equality."

In its last paragraph, the Minrex document reiterates that "the path undertaken by the revolution on 1 January 1959 is irreversible."

Cuba: 'Official Declaration' on Helms-Burton Law Issued

PA1903235696 Havana PRENSA LATINA in Spanish 2203 GMT 19 Mar 96

[FBIS Translated Text] Havana, 19 Mar (PL) — Cuba declared here today its official position in the face of the recent approval of the Helms-Burton law, aimed at tightening and internationalizing Washington's blockade on Havana in effect since 1962.

Foreign Minister Roberto Robaina read in a news conference the position of the Cuban Government in response to the tightening of the U.S. siege, which became law on 12 March after President Clinton signed it.

The foreign minister condemned the U.S. policy of having the rest of the world community join the blockade against the Caribbean nation, while explaining that Cuba will continue the reform process undertaken more than four years ago.

PRENSA LATINA now broadcasts the full text of the official declaration, disclosed by the Ministry of Foreign Relations.

Declaration of the Ministry of Foreign Relations.

"The U.S. Congressional approval of the so-called 'Cuban Liberty and Democratic Solidarity Act,' signed by the U.S. President, represents an act of fundamental aggression against the Cuban nation. This represents another attempt to impose on Cuba the hegemonic and expansionist will that persists among powerful groups in the United States.

"By doing this, the U.S. Government expressed its clear disregard for the provisions governing law and international coexistence. Such fundamental principles as respect for sovereignty, independence, and self-determination, are dangerously undermined by the U.S. intention to legislate from their country, with their government agencies, and in English, on the destiny and future of the Cuban nation.

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"The objective is clear: To punish Cuba for its effort to decide, in a free, sovereign, and independent manner, its own political, economic, and social organization; for procuring for its people a future of justice free from foreign interference and their selfish interests, like those that controlled the country under the U.S.-controlled period of more than 60 years. This is the most recent attempt to destroy the Cuban revolution, a desperate effort that, as this law reveals, they have pursued since 1 January 1959.

"This act from the U.S. Administration also represents an offense against the international community as a whole and becomes, in fact, a test case for a world government, about which Cuba has warned time and again. They plan to apply the weight of U.S. law to third countries and force governments, citizens, and private entities from sovereign states to join the policy of economic blockade against Cuba, a policy repudiated and insistently condemned by the international community.

"It constitutes the most absolute act of disregard for international public opinion and the overwhelming demands made by most sovereign and independent states. The provisions of this law go against important provisions of international trade and the organizations that govern this indispensable activity among nations.

"The Ministry of Foreign Relations of the Republic of Cuba strongly rejects this new act of aggression from the U.S. Government. The intention to starve the Cuban people into submission will fail, as have failed all hostile efforts that for more than 37 years have been directed against the Cuban revolution. Cuba ratifies its firm determination to defend its sovereignty, independence, and self-determination, and it knows that justice and the truth are on its side.

"The encouraging signs of economic recovery Cuba is experiencing will not be reversed or stopped by the promulgation and application of this law. The strategy to survive economically and resume the path of development we have followed in recent years will continue to advance, and the economic ties of the country with the world will continue to strengthen.

"While rejecting every attempt of foreign intervention and imposition, Cuba insists on its determination to live in peace with all countries of the world, on the basis of respect and equality. That is the unyielding desire and resolve of its people.

"As the Cuban Government has said, the path undertaken by the revolution since 1 January 1959 is irreversible."

[Signed] Ministry of Foreign Relations

[Dated] Havana, 19 March 1996

Cuba: Ambassador Criticizes Helms-Burton Law at WTO

PA2003001796 Havana PRENSA LATINA in Spanish 2114 GMT 19 Mar 96

[FBIS Translated Text] Geneva, 19 Mar (PL) — Cuba condemned before the World Trade Organization (WTO) today, 19 March, the so-called Helms-Burton law that was enacted in the United States, saying it flagrantly violates the norms, principles, and objectives that regulate international trade.

In a statement before the Merchandise Trading Council of the WTO, Cuban Ambassador Eumelio Caballero said the extraterritorial and coercive nature of this legislation hurts the trade interests of third countries that are members of the organization and that trade with the island.

In addition to violating the principle of sovereignty recognized by international law and transferring the legislative norms of the United States to other countries, the Helms-Burton law tends to create an atmosphere of uncertainty that undermines the aspirations to expand and diversify international trade relations, the document added.

After noting that the UN General Assembly has rejected on four consecutive occasions the blockade imposed on Cuba by the United States, because it violates the law and the UN Charter, Caballero said that in view of this new law, his country reserves the right granted by the GATT in 1994 and the WTO agreements to act according to established procedures.

The document states that the attempt to obstruct Cuba's trade relations with other members of the WTO by including third countries in the blockade imposed on the island is incompatible with the principles that regulate trade and with the commitments assumed by the United States in this forum.

In this regard it notes that one of the objectives of the WTO is to increase living conditions, real income, real demand, production, and trading of goods and services, as stated in the preamble of the agreement established by the organization.

The law, the diplomat said, violates the fundamental principle of the WTO that there should be no trade discrimination among members, because it unilaterally establishes differences in the treatment given Cuba based on political elements. The law is aimed at getting other members of the organization to comply with it and stipulates sanctions for those who do not observe U.S. jurisdiction in this matter.

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The Cuban statement notes that the Helms-Burton law prevents the entry of sugar, syrup, and molasses into the United States, if it is determined that these products were imported from Cuba, which constitutes a quantitative restriction on imports, which Article 11 of the GATT only permits as an exception in very specific cases.

The document adds that, by imposing restrictions on trade relations with Cuba and, consequently, by limiting sales, the law likewise disregards the objectives contained in GATT norms that call on industrialized countries to adopt measures to increase the living conditions and economic growth in underdeveloped countries.

After noting that Cuba is a country the economy of which greatly depends on its foreign trade, the document said the law does not respect existing commitments to refrain from establishing or from imposing taxes or non tariff obstacles on products, the export of which is of special interest to underdeveloped nations.

The document added that the law also violates the agreement on investments in the area of trade, which is aimed at promoting investments across international boundaries in order to promote the economic growth of all trading partners, especially of developing countries.

Finally, the Cuban representative also said that in the field of services, the Helms-Burton law disregards commitments made by Washington at the WTO because it limits the free flow of trade, especially in the area of finances, and the progressive deregulation promoted by WTO negotiations in this sector, because it prohibits the financing of any person who conducts transactions with reclaimable property in accordance with terms of the law.

Cuba: EU, Canada, Mexico, India Reject Helms-Burton Law

PA2003012896 Havana PRENSA LATINA in Spanish 2111 GMT 19 Mar 96

[FBIS Translated Text] Havana, 19 Mar (PL) — Inspired by the principle of world trade, at the WTO meeting today the European Union (EU), Canada, Mexico, India and Cuba rejected the Helms-Burton law.

Europeans, Canadians, Mexicans, Indians and Cubans denounced at WTO headquarters in Geneva the extraterritorial nature of the U.S. law.

All these countries used the same words in different languages to reject the U.S. intervention that causes insecurity, and runs counter to the goals of enhancing and diversifying world trade.

In a declaration issued at the WTO Council for Trade [Consejo del Comercio de Mercancias] Cuban Ambassador Eumelio Caballero Rodriguez said Cuba would reserve its right to act in accordance with the procedures established in WTO agreements.

Likewise, the EU and Canada rejected the U.S. Congress attempt to determine with whom and where they should invest.

At WTO headquarters, Mexico and India stated their concern over the initiative, which President William Clinton signed on 12 March, which attempts to apply U.S. legislation beyond its borders.

Chile and Nicaragua, two members of the Rio Group, supported Cuba's position, ratifying that organization's decision — made public on a previous ocassion — to support Cuba's position.

On the other hand, U.S. Representative Andrew Stoler invited skeptics from the United States to read current WTO provisions.

According to Stoler, the Helms-Burton law does not in any way break WTO regulations.

Despite suggestions by the United States, the EU today said in Brussels that they will defend their legitimate interests at all international forums if the measure is implemented, although they have not decided how it will be done.

According to today's GRANMA — official newspaper of the Cuban Communist Party — Italy, in its capacity as president of the EU, called the extraterritorial nature of the Helms-Burton law inadmissible.

Italy's Ambassador to Cuba, Giovanni Ferrero, delivered an official declaration from Rome to GRANMA. The note read that the EU could not accept that the United States unilaterally determines or restricts economic and trade relations of the WTO with third countries.

The Nonaligned Movement (NAM) echoed general rejection of the Helms-Burton law, as it contradicts international law, norms and principles that rule relations of peace and friendship among the countries.

In Bogota, Colombia — the country chairing the NAM — the foreign ministry issued a communique stating NAM's declaration.

In Asia, Vietnam and Laos also voiced their opinion, rejecting implementation of the Helms-Burton law.

In an editorial in NHAM DAN — official newspaper of the Vietnamese Communist Party — the paper called the Helms-Burton law an arrogant measure,

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which contradicts morality and the basic principle of coexistence and exchange in the world.

The Laotian Foreign Ministry issued an official communique stating that President Clinton's attempt to strengthen the economic, financial and trade blockade against Cuba is unreasonable.

The document goes on to say that according to the UN charter, all countries —including Cuba— have the right to choose a political system in accordance with their own reality and conditions without making that country an enemy of other nations.

Cuba: Opposition Cited to Human Rights Official's Visit

PA1903154896 Havana Radio Havana Cuba in Spanish 0000 GMT 16 Mar 96

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Justice Minister Carlos Amat has reasserted that Cuba will continue its staunch opposition to a visit by a rapporteur from the UN Human Rights Commission, whose annual assembly is scheduled to begin on Monday in Geneva. Amat stated in London that Cuba will prove that the situation has been completely manipulated for political reasons. He reiterated that the Cuban revolution's goal has been to strive for the human rights of every citizen. The minister added that the Cubans are now struggling to preserve what they have achieved, in spite of the economic problems. Amat concluded an official visit on Friday to Great Britain, during which he met with British justice, interior, and foreign relations representatives.

Cuba: Commentary Views Outcome of Antiterrorism Summit

PA2003024396 Havana Radio Havana Cuba in Spanish 0000 GMT 16 Mar 96

[Commentary by Norberto Hernandez; from the "Evening Information Review" newscast]

[FBIS Translated Text] During an unprecedented meeting, close to 30 world personalities met in the Egyptian resort of Sharm al-Shaykh, including several heads of government, to establish a common front against terrorism and make progress with the slow and difficult peace process in the Middle East. The initiative was launched barely 120 days ago in the city of Gaza by Palestinian leader Yasir Arafat after the Middle East peace negotiations were jeopardized by the four suicide attacks carried out in Israel by Islamic fundamentalist groups. According to observers, the rush with which the meeting was held leads one to believe that the idea was previously conceived and consulted in order to back the Israeli government, and the results of the meeting confirm it.

In terms of winners and losers, there is no doubt that Israel, for many reasons, was the only part that came out victorious and benefited from holding the so-called Promoters of Peace Summit. In Sharm al-Shaykh, only the sanctions that concerned Israel were discussed, while Arafat was practically left alone to denounce the Israeli blockade on the Gaza Strip and West Bank, the incursions and repression by Israeli soldiers and police into the autonomous regions, and other similar incidents that violate the peace agreements in the area.

The attacks on 25 February and from 3-5 March in Jerusalem, Ashqelon, and Tel Aviv, were the incidents that propelled presidents, kings, heads of governments, and representatives of international regional organizations to gather with great speed. The world, however, reacted differently when a Jewish settler barged into a Hebron mosque and massacred 29 Palestinians, while 30 additional Palestinians lost their lives as a result of the Israeli Army's repression of demonstrators following the incidents. But there is still more. The Tel Aviv government turned the assailant into a hero and even gave permission to erect a monument in his honor. This incident went mostly unnoticed by the international community, barely three months after the 1993 signing of the Washington agreement creating the Palestinian autonomous region.

The Egyptian summit did not focus its attention on Jewish extremism, and it even overlooked the fact that Israeli Prime Minister Yitzhak Rabin became one of its victims last year. No one mentioned Israel's constant bombings in southern Lebanon either. Because they occur daily, these attacks have already become an insignificant routine. In terms of material resources, Israel obtained a loan worth $100 million from U.S. President William Clinton. After participating in this summit, Clinton traveled to the Hebrew state in a visit to express his solidarity as he described it. This money will be used to establish a sophisticated system to fight actions taken by members of Islamic Hamas and Jihad. However, the aid — which was promised following the signature of the peace agreements to help the Palestinians reorganize their economy — has not arrived as expected.

It is a paradox that Clinton traveled to Levant to participate in an antiterrorism summit just a few hours after he had signed in Washington the Helms-Burton law that hardens the blockade against Cuba. He did so precisely under the pressure exercised by Miami-based terrorist and ultrarightist groups of Cuban descent. Therefore, the fear of some in the Levant is not groundless in the

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sense that the Sharm al-Shaykh summit will grant Israel, under the banner of an antiterrorism fight, the right to attack neighboring countries and autonomous Palestinian areas. It is evident that the peace process in the Middle East has been balancing on a tight-rope for about five years. Therefore, some believe it would be better to resume the original idea of the [word indistinct] conference.

Cuba: Copppal Admits Communist Party as Full Member

PA2003024296 Havana Radio Rebelde Network in Spanish 1800 GMT 18 Mar 96

[From the "National Radio News" newscast]

[FBIS Translated Text] The Communist Party of Cuba was admitted as full member of the Permanent Conference of Political Parties of Latin American and the Caribbean [Copppal], which assembles 47 delegations of 24 nations in the region.

Mexico's Labor Party, the Democratic Convergence of El Salvador, and Haiti's Lavalas Political Organization, were also admitted during Copppal's 19th meeting, which was held in Panama.

Cuba: Commentary Views Island's 'Civilian Society'

PA1903145896 Havana Radio Rebelde Network in Spanish 1255 GMT 18 Mar 96

[Commentary by Eduardo Alvarado]

[FBIS Translated Text] For some time now, U.S. political rhetoric on Cuba has been geared toward the idea, and I quote, that it is necessary to build a civilian society on the island. At first glance, we might get the impression that they are talking about something without importance or about a new export product, however, what apparently is a useless exercise of political rhetoric has quite a poisonous and delicate logic and our response cannot emerge without our serious consideration or from a total denial of the term, civilian society.

It would be worth saying that the term civilian society exists ever since states, social classes, and notions such as democracy were beginning to emerge. It refers to that part of society that is not a member of government. Civilian society is not good or bad. It simply exists, but evidently, the intepretations of its forms and objectives are subject to the interests and manipulations like the ones the United States Government is trying to impose.

This term originated 500 years ago in European philosophy and it is associated to the neoliberal doctrine that dominates the world's minds today.

According to this manipulative vision, civilian society is that part of society that exists outside the state and is opposed to it. Such an intepretation not only misrepresents reality, but also intends to weaken the state's role as a social regulator, accusing it of being a repressive and restrictive mechanism of private enterprise.

To overcome this alleged evil, neoliberals intend to replace the power of the state with the power of markets as an absolute dictator of men. The blind law of money is apparently the only solution proposed for the many problems of this world, however, it is strange to see that the U.S. Government, far from being weakened, is getting stronger. Instead of giving up some of its power to its civilian society and withdrawing from the administration of power, it is becoming one of the most repressive apparatuses, not only of its country, but of the planet.

The truth is that to achieve greater levels of penetration, multinationals need nation-states to become less of an obstacle for their profitable interests. Through ideological means and other methods they try to eliminate all resistance to this new process to recolonize the world, called globalization.

It is not by chance that the speech for the so-called track two is making an excessive emphasis on an alleged need to build a civilian society in Cuba, as if our country did not have its own civilian society, and as if it were necessary to import one from the neoliberal market.

The Cuban revolution, whether U.S. politicians like it or not, has been a revolution of our civilian society, which not only received the greatest benefits, but played the leading role. Evidently, it cannot oppose the state it has chosen and defended. Our civilian society is currently working, as well as the entire country, on the process of change experienced in Cuba and it is rationally looking for new forms of organization and communication without discarding the traditional and historical methods. Diversification of the forms and types of property, the expansion of markets, and other socioeconomic transformations in our country have certainly created a more varied social outlook in Cuba. To think that existing social organizations are the only ones capable of representing such a diversity would be an unfortunate mistake, because evidently the country is facing new conditions.

Moreover, existing organizations must make a greater effort to represent a more complete [word indistinct]. Evidently the small and artificial associations financed and directed from the United States will not participate in the new Cuban project, because this continues to be a revolution of our independent, authentic, and revolutionary civilian society.

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Cuba: Commentary Views CTC's Discussion of Efficiency

PA2003033396 Havana Radio Rebelde Network in Spanish 1800 GMT 18 Mar 95

[Commentary by Orlando Contreras; from the "National Radio News" newscast]

[FBIS Translated Text] In the process of analysis and discussion of the 17th Congress of the Cuban Workers Federation [CTC], one of the issues which have most interested the 2 million workers who have participated in these assemblies, has been the efforts toward efficiency. This is not by chance. Two main reasons plainly show why. Only by means of quality performance, and thus efficiency, can the national economy continue to recover under today's global conditions. Leaving behind the harsh special period which we endure with sacrifice and dignity depends on the recovery of the economy. However, there is more to it.

By prioritizing the efforts for efficiency at the analysis and discussion assemblies of the upcoming CTC Congress, the Cuban workers are in fact casting a vote for socialism because it is not secret to anyone that the viability of our socialism, with its full payload of social justice, and the very humanism of the preservation of our sovereignty and national integrity, is connected not only to the beliefs and will to fight, but also to the material base which makes it possible.

There is another element which I believe deserves to be stressed. The workers, the good workers also hope to improve their living conditions and to do so by the only socially legitimate means: work, or better yet: efficient work.

This brings us to another point that contributes to the full analysis of this reality. Privilege has always been a source of social and individual irritation. Today, our society has no other choice but to accept certain privileges for the sake of the common good. Such is the real and prevalent fact of a significant sector that benefits from the currency remittances which by diverse means are sent by relatives abroad. However, the analysis would be partial and thus incomplete if we did not keep in mind that this currency is spent in the country, that there is a price policy, and in the end it is redistributed for the benefit of the entire nation.

There is, on the other hand, another privilege that does not produce any social benefit, on the contrary, it is null. I am referring to inefficient work performance, which is either due to the lack of training or capability of the one doing it, or simply out of laziness, indolence, or carelessness. Against this privilege, society finds itself still significantly unarmed. Efficient qualifiers have yet to be created in order to establish a socio-economic mobility aimed at facilitating, freeing of bureaucratic restraints, and increasing responsibility and remuneration for the most efficient workers, and the subsequent demotion of the laggards.

In many work centers connected to production and services, there are those who rely on the efforts and result of efficient workers and nothing is done about it. That is unfair, discouraging, and compromises the efforts of the majority of the workers.

Cuba: Torres on Fulfillment of Sugar Production Goals

PA1603220496 Havana PRENSA LATINA in Spanish 2030 GMT 15 Mar 96

[By Raul Garcia Alvarez]

[FBIS Translated Text] Sancti Spiritus, Cuba, 15 Mar (PL) — Nelson Torres, head of the Ministry of Sugar Industry (Minaz), told PRENSA LATINA that the Cuban sugar industry will fulfill its production goals with the current harvest of 4.5 million tons of sugar.

According to the official of the Minaz, all of the 14 provinces meet the necessary conditions to fulfill the projected plan as a result of the successful development of the harvest and the rapid recovery from the delays caused by recent rains.

In the coming days, the 150 sugar mills participating in the harvest should be completing the production of approximately 45,000 tons of unrefined sugar a day. This figure was being achieved at the beginning of the harvest before an interruption caused by the adverse weather conditions, Torres stressed.

In this regard, the official stressed that recovery has occurred rapidly to eliminate delays and to end the harvest with 1.2 million tons above the results of the 1994-1995 period, when the volume of sugar reached 3.3 million tons.

Making an integral assessment of the 1995-1996 harvest, Torres emphasized that this harvest will go down in history as the most efficient one in regard to production indices with more sugar being obtained per volume of processed sugarcane.

Torres recognized the work accomplished by the workers and the sector's experts in the central province of Sancti Spiritus. These sugar producers in Sancti Spiritus, along with their counterparts in Holguin, will be the first ones nationwide to fulfill the production goals at the beginning of the coming month.

In addition, Cienfuegos, Villa Clara, Pinar del Rio, Matanzas, and Granma are expected to complete their

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programs in the second half of April, while the other provinces will conclude the harvest in May.

Torres said that Camaguey and Las Tunas (in eastern Cuba) are the territories with a more complex situation for the final phase of the harvest. However, he stressed that the conditions are fair to achieve the initial projections.

Regarding the 1996-1997 harvest, the official indicated that efforts are being made to guarantee a growth rate similar to the current stage — 1.2 million tons, which would allow for production closer to 6 million tons.

The recovery achieved in the sector, he pointed out, is the result of a reorganization based on principles that demand fulfillment of the goals of the agricultural and industrial programs, along with the contribution of foreign capital to purchase the raw materials.

The minister said that the beginning of the coming harvest will yield a substantial volume of sugarcane with more than one year of maturation. This sugarcane is regarded by the experts as ideal for processing in the final months of 1996, and we believe a substantial volume of sugar will be produced.

Concluding his remarks to PRENSA LATINA, Torres expressed his confidence that fulfilling the sugar production plan in May also signifies a gain in efficiency that will guarantee a successful harvest in 1997, since there will be enough time for the agricultural and industrial sectors to prepare themselves.

Cuba: Roundup of Economic Developments Through 19 Mar

PA2003040596

[FBIS Report] The following is a compilation of reports on economic developments in Cuba monitored through 19 March.

In Pinar del Rio province, more than 600 caballerias have been planted with cereal. This is equivalent of 70 percent of the amount anticipated for the current planting season. The larger number of caballerias were planted in the past few weeks. The work had to be stopped in December and January because of the rain. It has also been reported that approximately 700 caballerias are scheduled to be prepared no later than April. In all, the effort calls for planting 2,200 caballerias to produce the 46,000 tons of cereal required by the country. This is more than twice the previous season's figure. (Havana Radio Rebelde Network in Spanish 1800 GMT 9 Mar 96)

Raul Taladrid, vice minister of foreign investment and economic cooperation, has said Cuba maintains investment promotion and protection accords with 25 countries. He explained similar accords are being negotiated with Germany, Switzerland, Belgium, France, and the Netherlands. This policy is reportedly in keeping with the Cuban efforts to attract capitals for its development and reincorporation into the world economy. Since this process began in 1993, investment promotion and protection accords have been signed with 14 countries, including Russia, China, Italy, UK, Chile, and the SRV. Taladrid concluded that in 1995 more than $2 billion in foreign investments from 55 nations were made in Cuba. (Havana Radio Rebelde Network in Spanish 1800 GMT 13 Mar 96)

The country continues to implement the labor reorganization process. Specialists in each province view self-employed work as an alternative. A Havana provincial official says that in Havana, 27.3 percent of self-employed workers are retirees, 28.1 percent are laid-off workers, and 21.2 percent are housewives. This shows 49.3 percent of total Havana self-employed workers are either laid off workers or housewives. Self-employment generates a great deal of jobs for our country, the official states. The official concludes the state has begun to offer some services offered by self-employed workers to compete with them and keep them from becoming rich. (Havana Radio Rebelde Network in Spanish 1800 GMT 14 Mar 96)

In Matanzas crude oil production has reportedly exceeded estimates for the first months of the year. Crude oil production totaled 200,000 tons, which represent 10,000 more tons than planned. The Center Division Oil facility in Cardenas, Varadero, has highest production in all the country, although oil quality is inferior to that in Pina Majagua region, in Ciego de Avila Province. In 1995, this unit achieved a production record for a year by reaching 1 million tons. If the current levels were maintained, this result could be easily exceeded, showing the growing trend in the extraction of domestic crude oil. However, the domestic production is still insufficient to meet the country's demand. (Havana Radio Rebelde Network in Spanish 1800 GMT 14 Mar 96)

Tourism in Sancti Spiritus Province is reportedly on the rise for the first months of the year. New investments in this sector are being planned. Until February, 49,600 tourists had visited this province, representing a 147 percent growth. Tourism activity concentrates on Trinidad, a city-museum on the Caribbean Sea. The different hotel networks have reported an increase in foreign exchange collections and number of tourists visiting their installations, mainly from Canada and Europe. To face the growing demand, Cubanacan hotel network plans to hope a five-star hotel in Ancon Peninsula with 254 rooms and in Rancho Hatuey, 100 new rooms will be built. New restaurants and service centers are also scheduled to open in Trinidad. (Havana Tele Rebelde and Cubavision Networks in Spanish 0100 GMT 16 Mar 96)

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Haiti

Haiti: La Saline Inhabitants Protest Mayor's Decision

PA2003001596 Port-au-Prince Signal FM Radio in French 1130 GMT 19 Mar 96

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] There were demonstrations and barricades of burning tires yesterday on Boulevard La Saline. The inhabitants of the populous neighborhood of La Saline blocked this boulevard to protest the decision of the mayor of Port-au-Prince to demolish some houses. Mayor Emmanuel Charlemagne reaffirmed on several occasions his firm determination to destroy the buildings in the area of La Saline. The inhabitants of La Saline protested yesterday this decision of the Port-au-Prince mayor. [passage omitted]

Haiti: Radio on Injured in Petion-Ville, Diquini

PA2003001496 Port-au-Prince Signal FM Radio in French 1130 GMT 19 Mar 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] In Petion-Ville, there was an incident in which four people were injured during a dispute between a member of the Petion-Ville communal council and stall-holders. The deputy mayor allegedly used his firearm during a gathering. We learned that the Petion-Ville deputy mayor was arrested and then released after a short period of custody at the police station of the commune. Claire Lydie Parent denounced the action of the national policemen. The Petion-Ville mayor says the situation is difficult and describes the arrest of Emmanuel, who is allegedly involved in acts of violence that caused at least two injured in Petion-Ville yesterday, as inadmissible. Claire Lydie Parent says she is indignant while explaining that the disagreements between the policemen of the area and the communal officials were supposedly at the origin of the police action. Parent plans to make revelations to the press today.

It must also be said that in Carrefour, in Diquini, a policeman was injured by an armed civilian. The attacker was brought under control a few minutes later by other police agents. The injured policeman is not in danger. His foot was hit by a bullet.

Haiti: Radio Reports Murder of Abducted Policewoman

PA2003001696 Port-au-Prince Radio Metropole French 2000 GMT 19 Mar 96

[FBIS Translated Text] A member of the National Police in Port-au-Prince has been assassinated. A young woman, member of the National Police, was found dead this Tuesday in the neighborhood of Delmas 105, two days after she was abducted by strangers. Marie Christine Jeune, who was attached to the police station of Cite Soleil, was shot and her body was badly bruised. At this time, no statement was made by the officials of the National Police on this murder, the first one of its kind recorded in Port-au-Prince.

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Mexico: Oil Workers Protest Privatization of Pemex

PA1903222996 Mexico City Radio Red Network in Spanish 0000 GMT 19 Mar 96

[From "The Night Monitor" newscast]

[FBIS Translated Text] The oil workers union have not rebelled. They have just rejected the privatization of Pemex [Mexican Petroleum], labor leader Carlos Romero has said.

During a ceremony to commemorate the oil industry's expropriation, Pemex director Adrian Lajous said Mexico demands a strong, firm Pemex because this is how the state is best served.

It has also been reported that nearly 10,000 people marched in Veracruz to protest the petrochemical sector's privatization.

[At 0320 GMT on 19 March, Madrid EFE in Spanish reports that some 70,000 people today demonstrated to protest the petrochemical industry's privatization and started a collection to buy the industry so it can stay in Mexican hands. Cuauhtemoc Cardenas, former presidential candidate and leader of the opposition Party of the Democratic Revolution (PRD), in one of the most numerous demonstrations in Mexico City in the past few years, called for an alliance against the privatization. The report continues to say that the son of former president Lazaro Cardenas heads the struggle to prevent the sale of the enterprise, for which the government expects to collect $15 billion.]

Mexico: Report Details Causes of Financial 'Fragility'

PA1603121296 Mexico City EL FINANCIERO in Spanish 12 Mar 96 pp 4, 5

[Report by Gustavo Lomelin and Alicia Salgado]

[FBIS Translated Text] Internal savings dropped to 14.3 percent of the gross domestic product (GDP) at the end of 1995, as a result of the strong contraction in production and the private debt crisis, so it was 1.5 percent below the 1994 figure.

According to official estimates, in order to achieve a 3-percent growth rate this year, an additional investment equivalent to $14 billion is required. All available resources are being funneled to finance banks and the bailout programs of large corporations and not the real economy in order to avoid greater exchange speculation, as well as to meet Mexico's public and private debt commitments estimated to be $14 billion this year.

The total cost of the bank bailout programs is close to $14 billion and could go up another $7 billion if economic growth is not delayed. Therefore, official circles are making an estimate of major fiscal cost that will entail a public finance deficit of 2.5 percent of the GDP at the end of this year, with a maximum GDP growth of 2 percent, a minimum inflation rate of 30 percent, and an average interest rate of 33 percent.

According to figures by the Finance and Public Credit Secretariat (SHCP) and the Bank of Mexico, the country's financial intermediation [profundidad], measured in terms of the total GDP earnings, was 34 percent, way below the index shown in more developed countries, although the Mexican economy ranks 12th in the world, even after considering last year's almost 7 percent GDP contraction.

According to the information by the OECD, this indicator exceeds 120 percent in Japan, and it is 98 percent in Germany, 80 percent in Spain, 69 percent in the United States, and 89 percent in Canada. It is also below economies whose development is equal to Mexico: It is 73 percent in Chile, 49 percent in Argentina, and 52 percent in Brazil, which shows the little intermediation and penetration of the Mexican financial system.

Financial activity, including all financial, insurance, and real estate services, was 14.38 percent of GDP, a level exceeded by the manufacturing industry and the activities related to commerce, restaurants, and hotels.

The official explanation of the drop of internal savings is based on two conditions: the increase in servicing the public and foreign debt and the almost 26-percent drop in private investment, the main source of internal savings between December 1994 and October 1995.

Based on statistics issued by the Bank of Mexico, commercial bank deposits, which is the main activity reflecting the country's financial savings, dropped by 19 percent in real terms last year. This figure did not take into account the effects of the exchange rate over balances denominated in foreign currency that grew less than they would have with the mere thrust given by reinvestment of interests.

Official reports of the Bank of Mexico also reveal a strong contraction in bank credits for the private sector. They dropped by 27 percent in real terms during the same period, that is, a drop four times larger than the drop in economic growth.

Real credit for production activities dropped last year by 14.4 percent, that is, 5 percent of GDP, but this indicator could double considering the effect of the recapitalization of interests in renegotiations [redocumentaciones] that have taken place.

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Explosive Overdue Portfolios

This general situation in the banking system caused the overdue portfolio to go from 8.3 percent in December 1994 to 18.1 percent of the total portfolio as of the end of last year, as it increased from 56.7 billion to 117 billion [currency not specified] during that period. This constituted a 106.4-percent increase in nominal terms. This is considered a "highly dangerous" level, internationally speaking, because an overdue portfolio of more than 4 percent of the total portfolio "places a banking system at high risk, and capitalization indices must be doubled," the 30 members of the Basle commission pointed out in their recommendation.

During this time period, all "excess capital," far from being directed toward productive activity, was channeled to the banks to increase coverage against bad loans and to increase their capital base to cover unsecured assets. In this manner, nearly 80 billion pesos in net resources have been "diverted" from the system, of which, 27 billion correspond to capital, in itself insufficient to cover even 8 percent of all capitalization requirements.

The Mexican Government's decision to purchase the bank portfolio (10 percent of the system's loan assets) allowed the system to reach the 8-percent capitalization as well as to increase it to 12 percent.

Considering these two issues, financial disintermediation up until November 1995 reflected a deficit equal to 1.8 percent of GDP, after amounting to 3.6 percent of the GDP surplus in December 1994.

The decline in financial intermediation, which is considered the foundation of the banking business, was also evident in the severe shortening of investment maturities. From an average of 28 days at the close of 1994, 97 percent of "traditional" savings were in renewable promissory notes with maturity dates of less than 14 days. All of this occurred at a time when the exchange rate and financial instability made the maturity date drop to seven days on average, as during this past October and November and during the last week of February and the first week of March.

According to some experts, the previously mentioned trend is evidence that savers are searching for higher rates with the shortest maturity date possible in light of the increase in risk perception and lack of confidence in short-term economic programs. All of this increases the risk of volatility in the financial system.

High Concentration

The banking system comprises 34 banks mostly of Mexican capital. Of these, two are currently in a "special" situation (Inverlat and Bancen), six are being supervised by the Savings Protection Banking Fund (Cremi, Union, Banpais, Banorie, Interestatal, and Obrero)

Of these banks, 15 were authorized to operate between October 1993 and 1995, and two began operations in 1996 (Bansi and Alianza).

With respect to foreign capital, of the 18 subsidiaries authorized to operate under the protection of the North American Free Trade Agreement [NAFTA], 17 began to operate in October 1994 during the 55th Banking Convention. Currently, these foreign capital subsidiaries represent 5.4 percent of the system's capital, but their exposure, together with the new banks, does not even surpass 5 percent of the entire national market despite the fact that they have invested nearly $700 million in Mexico, in contrast to the $2 billion that had been anticipated during 1995, as forecasted by former Finance Secretary Pedro Aspe.

At any rate, despite the increase recorded in the number of private banks that went from 22 during 1993 to 51 by the end of 1995, the number of branches remains practically the same. This past December, the Bank of Mexico reported that 5,548 branches are operating throughout the Republic of Mexico, which means one branch for every 17,000 Mexicans.

Of this total, 50 percent is distributed between the Federal District, Jalisco, Nuevo Leon, and the State of Mexico, while other states such as Baja California Sur, Campeche, Colima, Durango, Hidalgo, Nayarit, Oaxaca, Quintana Roo, Tlaxcala, and Zacatecas have fewer than 50 branches.

On the other hand, only 30 percent of communities with more than 5,000 inhabitants have only one branch, despite the fact that countries with the same level of development as Mexico take this number as "adequate" to provide banking services to society.

Growing Financial Fragility

The OECD has warned about the "financial fragility." This fragility may be either temporary or structural. The former has to do with the economic cycle phenomenon: In the period of economic expansion, credit grows more easily and naturally, and when the situation changes and the demand drops, profits drop and the overdue portfolio increases.

Meanwhile, structural fragility deals with the factors that have affected banks in recent years. The most important factor is the "scissors" effect, which increased the cost of liabilities as the old checking accounts, which did not earn interest [chequeras sin costo], were replaced by interest-bearing accounts and the deterioration in the quality of assets. This occurs because large companies

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are increasingly turning to the capital markets to obtain direct financing. The old checking accounts are being replaced by credits for higher risk companies.

In general, the current situation of banks has caused a "temporary and structural fragility," which has resulted in a setback for the economic reactivation process.

In this regard, the low growth [penetracion], high concentration, growing overdue portfolio, the permanent sapping of government resources, have increased the vulnerability of the Mexican financial system. They endanger the possibility of a viable and sustainable development financing scheme.

Drop in Savings

Year	Real GDP	Fixed Gross	Gross		Foreign Savings	
	(annual % var.)	Investment/GDP	Domestic Savings	Gross/ GDP	Total Savings	Domestic Savings
1980	9.2	24.8	22.2	5.01	18.4	36.9
1981	8.8	26.4	21.5	5.95	21.8	46.4
1982	-0.6	23	21.6	0.51	2.2	4
1983	-4.2	17.5	24.7	3.94	-19.2	-31.4
1984	3.6	17.9	21.4	1.58	-13.1	-23.5
1985	2.6	19.1	22.6	-1.3	-6.1	-11.6
1986	-3.8	19.5	17.9	0.37	2	8.3
1987	1.9	18.4	21	-2.7	14.2	-30.7
1988	1.2	19.3	17.8	1.08	5.3	14.1
1989	3.3	18.2	15.9	2.59	12.2	31.8
1990	4.5	18.6	16.5	2.37	12.3	28.2
1991	3.6	19.5	14.6	4.94	20.3	54.9
1992	2.8	20.8	15.4	6.97	28.6	95.5
1993	0.7	20.7	14.4	6.21	28	127.5
1994	3.5	21.6	14.6	7.72	32.8	94.4
1995	-6.9	16.9	16	1.89	0.5	2.4

Prepared by the Science and Technology Program of The College of Mexico.

Jose Madariaga, president of the Mexican Association of Bankers, Roberto Hernandez, president of the National Bank of Mexico, and Ricardo Guajardo, director general of the Bank of Commerce, have agreed that Mexico's situation cannot be compared to that of other nations because of the weakness of its banking system, which is going through its deepest and most severe crisis in the past 60 years.

The bank leaders said the banking weakness is due to the crisis, the drop in revenues, and the "brutal" hike in interst rates, not to "a poor administration."

These leaders said that what banks must do to prop their development-promotion function is to "unclasp" credits-savings relations, something that will take two years, after 1996, since this year's fundamental task will be to consolidate the bank restructuring process.

With a capital surplus in the system of 227 billion pesos accumulated in 1995, without including the 218 billion pesos of the development banks' financing programs, private banks "must find the adequate mechanisms to funnel loans to the real economy, but without relaxing the basic requirements to qualify for personal or corporate loans," Roberto Hernandez noted.

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Economic activity will be moderate this year, said Ricardo Guajardo. Bancomer [Bank of Commerce] has the means to react to the expected relative activation of demand for loans that is expected, but 1996 will continue to be a year of transition and improvement in the balances. Once the situation is overcome, the banking strategy must focus on places banks do not reach, with a different technology rather than the one designed for greater volumes of attention in major urban zones, with nontraditional earning and, even, loan methods, as it recognizes that the great potential of the Mexican market lies in its low growth [profundidad] and underbanking [subbancarizacion]. At present, there are 5,000 branches in Mexico to serve 93 million Mexicans, or one for every 18,000 persons.

Madariaga affirmed: "It is indispensable that the problem regarding loans be solved, otherwise banking operations, the banking business, will not not conducted." "The high index of overdue loans of 18 percent, however, is too high and even more so in a economic context as tight as the existing one, which is why the institutions must be ruthlessly careful with their loans," he noted.

Convinced that the support programs "are not an effective solution to the banking problems but rather a mechanism to ease the transition," the three bankers said that only the gradual and sustained decrease in the inflation and interest rates will make it possible to increase economic growth and employment, reverse the deterioration in Mexico's per capita income, and improve the low participation of the banking system in the economy, but that will take a decade "at least."

Growth [Penetracion] of Commercial Banks

Year	Bank Loan	Bank Loan/GDP	Real Annual % Variable	Total Earning	Total Earning/ GDP	Real Annual % Variable
1980	742.8	16.6		1,014	22.7	
81	1,107.7	18.1	16.5	1,487	24.3	14.6
82	1,980.9	20.2	12.6	2,508	25.6	6.2
83	3,322.5	18.6	-16.9	4,123	23.1	-18.6
84	5,635.6	19.1	2.5	7,043	23.9	3.2
85	9,934.3	21	11.7	10,154	21.4	-8.6
86	21,039.2	26.6	13.7	20,353	25.7	7.6
87	52,527.3	27.2	7.7	50,285	26	6.6
88	64,210	16.4	-43.6	93,185	23.9	-14.5
89	101,736.3	20	33.6	140,230	27.6	26.9
90	163,631.5	23.5	27	211,223	30.4	18.9
91	245,559.8	28	22.3	282,448	32.2	9
92	531,306.2	51.3	87.3	323,152	31.2	-0.9
93	437,382.6	38.2	-25	401,493	35.1	13.2
94	617,359	50.9	31.9	467,115	38.5	8.7
95	749,314	45.9	-17.4	597,923	36.6	-12.9

*Figures in millions of pesos

Estimate prepared by the Science and Technology Department of El Colegio de Mexico.

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Mexico: Roundup of Economic Developments Through 18 Mar

PA1903132896

[FBIS Report] The following is a compilation of reports on economic developments in Mexico monitored through 18 March.

Mexican Petroleum, Pemex, reported that 89 out of the 92 oil wells drilled in 1995 were productive. Pemex projects to finish 202 developing wells and 19 exploratory wells in 1996. The distribution of the new premium gasoline will begin in April in the city of Monterrey. Pemex will not construct a new plant as a gasoline and diesel warehouse in Aguascalientes because of budget limitations. (Mexico City EL FINANCIERO in Spanish 11 Mar 96 p 27)

At the end of 1995, a sample of 70 businesses registered a total operational profit of 64,251,751,000 pesos, 6.17-percent more than in 1994. However, 43 percent of these businesses registered either lower profits or losses because of devaluation and higher interest rates. At the end of 1995, Mexican Telephone Co. registered an operational profit of 15,065,441,000 pesos, 20.22-percent less than in 1994. In addition, at the end of 1995, these 70 businesses registered losses worth 55,929,023,000 pesos because of the exchange rate, 28.14-percent more than in 1994. (Mexico City EL FINANCIERO in Spanish 11 Mar 96 p 7)

According to information provided by the Bank of Mexico and the Secretariats of Finance and Public Credit and Labor and Social Welfare, inflation was 6.01 percent during the first two months of 1996, a third of the official 20.5 percent that has been projected for this year. According to a sample prepared by Towers Perrin, an international consultant company, the average annual salary for a Mexican worker amounts to $6,700, including social benefits paid by businesses. Over the past two years, women's participation in the work force has risen from 18.9 to 30 percent, with an average income of one and two minimum salaries. (Mexico City EL FINANCIERO in Spanish 11 Mar 96 p 29)

At the end of February 1996, foreign investment in the Mexican Securities Exchange amounted to $28,583,790,000, a reduction of 10.65 percent in comparison to January 1996. Of this amount, 89.8 percent ($25,688,910,000) represented variable income while the remaining 10.2 percent ($2,894,880,000) represented foreign investors' participation in the money market. Government securities in the hands of foreign investors has declined by $616 million thus far in 1996, and by $1.1 billion since last 15 February (sentence as published). (Mexico City EL FINANCIERO in Spanish 12 Mar 96 p 7)

During the first two months in 1996, the sale of heavy equipment in the domestic market dropped 31.55 percent, from 1,198 in 1995 to 820 in 1996. In February 1996, however, total domestic and export sales amounted to 675 vehicles, an increase of 10.66 percent over February 1995. (Mexico City LA JORNADA in Spanish 12 Mar 96 p 45)

In January 1995, Pemex-refinery produced 1.5972 million barrels of oil product daily. This amount includes 507,800 barrels of gasoline, 248,600 barrels of diesel, 270,800 barrels of liquid gas, 76,200 barrels of kerosene, 415,000 barrels of fuel oil, and 78,100 barrels of other oil products. (Mexico City LA JORNADA in Spanish 12 Mar 96 p 45)

According to weekly information supplied to the Bank of Mexico (Banxico) and the National Banking Commission (CNBV) by the system's 51 member banks, at the close of February, the overdue portfolio amounted to 142 billion pesos. In other words, the index increased to 19.2 percent of the total loan portfolio of 738 billion pesos. Financial authorities and the bankers themselves are worried over this historic high and have termed it as being "highly risky." Debt rescue programs have been mostly ineffective except to defuse potential political and social conflicts. (Mexico City EL FINANCIERO in Spanish 13 Mar 96 pp 4, 5)

Outside participation in government bonds over the past 12 months has dropped 84 percent, which is equivalent to nearly $15 billion. After placing 74 percent of the domestic debt among public investors in February 1995, now their participation amounts to only 19 percent. Government bonds reached a nominal 109 billion pesos by the end of February, which went practically unchanged since December 1995. (Mexico City EL FINANCIERO in Spanish 13 Mar 96 p 9)

Banks and loans institutes will have to return more than 200,000 properties to the real estate market due to the inability of more than 430,000 mortgage customers to pay. This has caused real estate prices to plummet. The real estate business has suffered a 56 percent drop in sales since 1995 and a drop in rent of more than 25 percent. Analysts believe the snowball effect will continue until bankers realize it is better to rid themselves of real estate portfolios rather than retain them and wait for them to continue losing their book value. (Mexico City EL FINANCIERO in Spanish 13 Mar p 12)

Concamin, Confederation of Industrial Associations, claims that during 1995 the GDP, measured in dollars, dropped 32.2 percent to settle at $252.19 billion, "which translates to at least a four-year setback to the country's

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growth." Concamin adds that during 1996 the manufacturing industry's GDP contracted 6.4 percent and competitiveness dropped 7.1 percent. Concamin says that Mexico's main challenge for 1996 and 1997 will be to gain access to new sources of financing in order to adequately meet repayment schedules. (Mexico City LA JORNADA in Spanish 13 Mar 96 p 50)

Enrique Iglesias, president of the Inter-American Development Bank, IDB, said in Mexico City that 1996 will be the year for economic growth in Mexico. He said that the Mexican banking system has weathered the worst part of the crisis. He said that the measures adopted by Mexico to face the economic crisis were the correct ones because they managed to avert a banking collapse. He said that although the banking problems are not over, there are signs that recovery has begun. Iglesias added that in 1996 the IDB will grant Mexico loans amounting to $1.6 billion aimed at cleaning up the Mexican valley and systems of contractual savings and nutritional and agricultural policies, among others. (Mexico City XEW Television Network in Spanish 0400 GMT 13 Mar 96)

Agriculture Secretary Francisco Labastida Ochoa today closed the forum called "Rural Development in Mexico in the 21st Century" at the Chamber of Deputies. He said that, for the second year in a row, Mexico will record a food surplus, adding that agricultural exports have grown by 27 percent. (Mexico City XEW Television Network in Spanish 0400 GMT 14 Mar 96)

Mexican Steel Mills, Inc., AHMSA, has reported to the Mexican Securities Exchange that it recorded 167 million pesos in operational profits in February 1996, which is 19 percent higher than the average monthly operational profits recorded in 1995 and 8 percent higher than the previous month. AHMSA also reported that its sales amounted to 642 million pesos as 218,000 tons of steel were sold in the same month. In addition, 288,000 tons of liquid steel were also sold. (Mexico City EL FINANCIERO in Spanish 14 Mar 96 p 13)

The Mexican private banks, without having been able to overcome the crisis and the lack of capital that placed them at the brink of collapse in 1995, are moving forward in an effort to reorganize the stock ownership of credit institutions. At the same time, the proposed economic growth and the ups and downs of financial markets hinder the possibility of recovering bank activities in the short run. In the last quarter of 1995, most financial groups, of which banks are the main subsidiaries, recorded poor results that only made evident a deterioration in the credit users' payment capacity. Jose Madariaga Lomelin, Association of Mexican Bankers, ABM, president, described the situation as complex and difficult. (Mexico City LA JORNADA in Spanish 15 Mar 96; received via Internet)

ABM President Madariaga today reported that, in light of the country's serious economic and financial crisis, the overdue portfolios of commercial banks have increased five-fold in the last 14 months as they went from 20 billion pesos in late 1994 to more than 120 billion pesos by late 1995. The private banks' overdue portfolios is 119.3 percent higher than the working capital of the credit institutions that were reprivatized during the previous six- year presidential term. This capital had amounted to barely 54.7 billion pesos by late 1995. Madariaga added that banks have had to resort to five different programs to renegotiate their clients' debts. The program to refinance credits in investment units, UDI's, had refinanced 708,352 loans amounting to 183.078 billion pesos until 2 February 1996. Through the Credit Support Program for States and Municipalities, 14 federal institutions restructured their debts totalling 15.379 billion pesos. Meanwhile, the Support Program for the Production Sector has refinanced 11,518 credits totalling 31.807 billion pesos, and the Support Program for Mortgage Holders had helped refinance 196.6 billion loans (as published) amounting to 50.585 billion pesos by 2 February. Finally, the Agreement for Immediate Support to Bank Debtors had refinanced 1.67 million credits amounting to 165.036 billion pesos by 31 January. (Mexico City LA JORNADA in Spanish 15 Mar 96; received via Internet)

Javier Trevino, international cooperation under secretary of the Foreign Relations Secretariat, today stated that the commercial exchange between Mexico and the United States exceeded $100 billion in 1995, adding that this figure shows the positive results of NAFTA, according to a 14 March report datelined Monterrey. Trevino added that, in last year's trade operations, the trade balance favored Mexico by $15 billion, which shows that the Mexican exporting sector has taken advantage of NAFTA. (Mexico City NOTIMEX in Spanish 0436 GMT 15 Mar 96)

Rogelio Gasca Neri, Federal Electricity Commission, CFE, director general, today said that $100 million have been invested in the Mexican electrical sector in three years, according to a 15 March report datelined Mexico City. (Mexico City NOTIMEX in Spanish 0219 GMT 16 Mar 96)

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Guatemala

Guatemala: Arzu Pledges To Lead March Against Violence

PA2003024496 Guatemala City LA REPUBLICA in Spanish 15 Mar 96 p 5

[FBIS Translated Text] President Alvaro Arzu publicly pledged on Thursday that he will personally lead the next demonstration organized by the group called "Relatives and Friends Against Criminal Violence and Kidnappings."

Arzu made that announcement when he came in unannounced to express his solidarity with the supporters of the demonstration. He came without the protection of his Presidential General Staff bodyguards, something he will do again during the next demonstration to the courts of justice and the Attorney General's Office.

Using a loudspeaker and surrounded by reporters and persons who were attending the demonstration, President Arzu said that he was arduously working to eliminate violence and crime in the country.

"I came to express my solidarity over the situation of violence the people of Guatemala are experiencing," Arzu stated, noting that in his 60 days in office he has combined civilian and military security forces, which have undergone an internal purge unlike anything imaginable in history.

"In 60 days of my administration, we have captured 3,586 persons, 15 of them for kidnapping; filed 33,730 complaints before the Attorney General's Office and the courts; seized 227.6 million [currency not specified] worth of drugs; and made 114 seizures," Arzu told the persons listening to him on Central or Constitution Square.

He said that most of the people arrested "have gone to court through one door and walked out through another," stressing he is carrying out his pledge because he is purging the security corps, something he will continue to do.

He said he is fighting the effects but is it the causes which must be fought. "The causes are television programs with uncontrolled violence during the hours our children and young people are watching television, and this must end," he said, while asking parents to control their children.

Guatemala: Central American Governments Unified

PA1903153896 Guatemala City Televisiete Television in Spanish 0400 GMT 18 Mar 96

[From the "Channel Seven News"]

[FBIS Translated Text] A source for regional integration assured that Central American governments will present a unified position at the minister's foreign trade meeting to be held on 18 March in Cartagena de Indias, Colombia.

Guatemalan Roger Haroldo Rodas, secretary general of the Secretariat of Central American Economic Integration, SIECA, said that the Central American situation will be reviewed in the different groups that have been established to reach an agreement here on the Free Trade Agreement of the Americas [ALCA] foreseen for the year 2005.

Panama

Panama: Negotiation of U.S. Bases 'Sovereign Decision'

PA1903173496 Panama City EL PANAMA AMERICA in Spanish 19 Mar 96 p A1

[Report by Aquilino Ortega Luna]

[FBIS Translated Text] In remarks contradicting PRD [Democratic Revolutionary Party] President Gerardo Gonzalez, President Ernesto Perez Balladares yesterday said that Panama "can choose to talk or not to talk with whomever it wants" on military bases, because this is a "sovereign decision, where no one else should intervene."

Four days ago, Gonzalez said before the Permanent Conference of Latin American Political Parties that there would be no U.S. bases in Panama after the year 2000.

However, Perez Balladares, after attending a Central American fishing sector's meeting at a local hotel, presented his government's position on the subject saying that the Panama Canal will be managed by Panama exclusively.

Speaking about another aspect, Perez Balladares said his government will not establish an "emergency plan" — similar to those established by the Torrijos government first and by the Endara government later — because there is no money and also because the country should not "go back to a failed paternalism."

Perez Balladares also ruled out any changes in his government and denied any plans to appoint a minister without portfolio. He explained, however, that he

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plans to appoint an official to be in charge of debureaucratization.

The president declined to comment on the criticisms against Supreme Court of Justice magistrates saying that the "independence of powers" should be respected and that it would be unwise to express an opinion.

Regarding the removal of IRHE [Hydraulic Resources and Electrification Institute] Director Ramon Argote, he said Argote was not strong enough in making certain decisions.

Panama: Copppal 'Strongly' Rejects Helms-Burton Law

PA2003005896 Panama City LA PRENSA in Spanish 18 Mar 96 p 2A

[Report by Vilma Figueroa]

[FBIS Translated Text] The Permanent Conference of Latin American and Caribbean Political Parties (Copppal) "strongly" rejected the proclamation of the Helms-Burton law, which hardens the blockade against Cuba. In addition, the Copppal expressed its support to the *reversion* of the Panama Canal.

In the final document of Copppal's 21st plenary meeting, which ended yesterday after 47 representatives of political parties from 24 countries in this hemisphere participated in discussions for two days, the Copppal condemned the proclamation of the Helms-Burton law, which hardens sanctions against Cuba after Cuban fighter planes shot down two U.S. civilian small planes belonging to an anti-Castro group.

According to Latin American politicians, this law has "interventionist intentions of extraterritoriality, and it is alien not only to international law and world trade, but also to the most basic logic pertaining to relations between sovereign nations."

The document added: "It is absurd for the U.S. Government to impose its authority and laws over legal provisions above the rights of other countries worldwide."

The Copppal pointed out that its principles respect national sovereignty, adding that it rejects foreign pressure, political, military, and cultural interventionism, and the economic subjection of nations.

Regarding Panama, the Copppal ratified its "solidarity" with the process toward the improvement of Panama's territorial integrity.

Moreover, it enthusiastically supports the upcoming 26th meeting of the OAS in this capital city next June as well as the Worldwide Congress of the Panama Canal in September 1997.

The Democratic Revolutionary Party (PRD) asked for a meeting with the international multiparty organizations that are gathered in the Socialist International, the Sao Paulo Forum, and Copppal.

This top leaders' meeting, which would be held on the eve of the Universal Canal Congress, intends to give impetus to and guarantee compliance with the Torrijos-Carter treaties signed in 1977.

Those attending the Copppal meeting made a commitment to make the effort and procure the necessary resources for this political meeting to materialize. In addition, it was recommended that a preliminary meeting be held in Panama City on 10 January 1997.

Furthermore, Copppal reaffirmed "Puerto Rico's inalienable right to independence" and expressed satisfaction over the United States' admitting the "colonial nature" of its relationship with Puerto Rico.

As for Colombia, Copppal expressed "concern" over this country's situation, in particular because, according to this organization's politicians, Colombia "has fallen victim to foreign intervention, particularly in the form of the (U.S.) certification on fighting against drug traffic, a situation that requires, above all, political and social solutions."

Panama: Central Americans Condemn U.S. Shrimp Embargo

PA2003044496 Panama City LA ESTRELLA DE PANAMA in Spanish 19 Mar 96 p 28

[Report by Cristobal A. Chen]

[FBIS Translated Text] Central American authorities meeting in Panama condemned yesterday, 18 March, an embargo, which the United States will impose on shrimp imports from 15 Latin American countries in order to protect sea turtles.

Natural Resources Minister Ramon Villeda Bermudez said that a U.S. federal judge decided in late January to impose an embargo on Latin American countries that export shrimp to the United States to "force us" to use a device to prevent turtles from falling into fishing nets.

The Honduran minister said the Central Americans believe it is an "unfortunate decision" because international law stipulates which are the entities in charge of imposing international sanctions in these cases.

"A federal judge does not have sovereignty in our nations to adopt decisions that hurt us," Villeda said in the framework of the inauguration of the First Meeting of the Commission of Deputy Ministers and of the Committee of Directors of the Fishing Sector

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Organizations of the Central American Isthmus being held in Panama City.

It was informed that the Latin American countries that do not use this special device for the protection of turtles, will not be able to export shrimp to the United States starting on 1 May.

It was also learned in the meeting that some 100,000 tons of fish are lost as a result of fishing practices in the region.

Likewise, the codirector of the Regional Program to Support Fishing in the Central American Isthmus (Pradepesca) [Programa Regional de Apoyo a la Pesca en el Istmo Centroamericano], Mario Gonzalez Recinos, said that at least 100,000 persons are involved in subsistence fishing activities in the region.

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Argentina

Argentina: Elimination of Terrorist Havens Urged

PY1903142596 Buenos Aires TELAM in Spanish 1418 GMT 18 Mar 96

[FBIS Translated Text] Buenos Aires, 18 Mar (TELAM) — Interior Minister Carlos Corach emphasized today that the signing of an agreement on security and transit facilities in the three borders zone involving Argentina, Brazil, and Paraguay will permit direct actions against terrorism and drug trafficking in that area.

At the White Hall of Government House, where the trilateral agreement was signed, Corach said: "Our countries have decided to eliminate the physical and legal sanctuaries where crimes such as terrorism and drug trafficking could find a haven."

Corach emphasized that joint actions, "such as those we have taken before," are essential. He noted: "Therefore, we are making headway in extending these agreements to include other countries of the world. In particular, we will extend these agreements during the conference [not further specified] that has been scheduled for April in Lima, with the participation of nations of the Americas."

Corach reported that the ministers who participated in the signing of the agreement concurred that, within 30 days, "we will have the legal framework required for implementing the agreement that we are signing today."

Corach emphasized: "This represents a significant and transcendental step toward enhanced levels of security in and protection of our borders."

The minister made a brief description of the efforts made by the Mercosur [Common Market of the South] member countries in working out direct actions to fight "these international crimes," referring to drug trafficking and terrorism.

The interior minister pointed out: "Now we are confirming our commitment to the security of those who are lawfully and peacefully living in our countries, especially in Foz do Iguacu, Puerto Iguazu, and Ciudad del Este, which represents a large-scale tourism and trade center."

Corach emphasized the accord achieved among Argentina, Brazil, and Paraguay for implementing this agreement, noting "the signatory states' call for peace, coexistence, and the rejection of all types of violence and terrorism, as well as respect for sovereignty."

Corach noted: "We are being threatened by a new type of international crime, based on messianic conceptions of political and ideological or religious life."

Corach indicated: "Once a fundamentalist convinces himself that he is the bearer of an unquestionable truth, and religious fanatics (claim to have) the truth of God, these people move on to a second stage in which they impose their unquestionable truth on the rest."

Corach emphasized: "Moreover, the dynamic of their fanaticism leads these people to a third stage in which they strive not only to defeat those who disagree with them, but those who remain detached and unconcerned as well."

Corach noted, finally, that, for a fundamentalist, "after the third stage, there are no limits to his or her devastating actions, and terrorism becomes the preferred method."

Argentina: Tax Reform Law Approved by Congress

PY1503182096 Buenos Aires TELAM in Spanish 0110 GMT 13 Mar 96

[FBIS Translated Text] Buenos Aires, 13 mar (TELAM) — The following are the highlights of the tax reform law approved by Congress:

— The value added tax — VAT — will remain at 21 percent.

— The government may adopt taxes as low as 50 percent of the VAT.

— The powers granted to the government will be in force for 12 months.

The executive branch will be empowered to cancel VAT exemptions such as those affecting:

1. postage stamps, fiscal stamps, shares, checkbooks.

2. capitalization certificate stamps, gambling and betting tickets, public transportation tickets, and show tickets.

3. gold bars and metal coins.

4. commercial passenger planes, and ship cargo.

5. taxis, limousines, and all types of air, land or water transportation.

6. intermediary services by dealers of lottery, Prode [Soccer Pool], and gambling.

7. cash deposits, inter-bank loans, security and share transfers.

8. interest on loans made for building houses.

9. burial services.

— Tax exemptions benefiting lawmakers and judges will be canceled; they will pay taxes on their income.

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— Public servants will pay taxes on the income they receive as protocol allowance.

— The taxpayers who do not pay the Personal Assets Income will pay a 1 percent, instead of an 0.5 percent tax.

Argentina: Chamber of Deputies Approves Tax Reform Bill

PY1503164296 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0015 GMT 14 Mar 96

[FBIS Translated Excerpt] Buenos Aires, 13 Mar (NA) — The Chamber of Deputies tonight passed the tax reform bill, which has become law. The measure empowers the executive branch to eliminate VAT and profit tax exemptions and increase the wealth tax rate.

The ruling Justicialist Party [PJ] bloc in the Chamber of Deputies made great efforts to gather enough deputies for the required quorum in order to approve the bill. The quorum was obtained thanks to the help of Justicialist Party traditional allies.

Justicialist efforts were strengthened by the UCR [Radical Civic Union] support to reject an amendment proposed by the Senate and to accept another amendment establishing the congressional control of decrees issued by the executive branch under this law.

The PJ was able to gather 131 deputies. They were PJ deputies, 12 provincial representatives, three Modin [Movement for Dignity and Independence] deputies, two Ucede [Democratic Centrist Union] deputies, and two representatives of Tucuman's Republican Force. The house "regretted" the absence of the UCR and Prepaso [Front for a Country in Solidarity] blocs.

After the PJ obtained the quorum UCR legislators rejoined the session to question the bill in strong terms characterizing it as "unconstitutional" and rejecting "the congressional delegation of attributions to the executive branch." [passage omitted]

The law permits changes in the profit tax, the elimination of exemptions favoring legislators and judges, the elimination of exemptions to the payment of VAT which has a rate of 21 percent and which could be extended to services such as public transportation, taxis, gambling, commercial passenger and cargo planes, and even funeral services.

The wealth tax rate will increase to 1 percent for properties established abroad that have not been reported in time.

Argentina: 'Lukewarm' Offensive on South Georgia Issue

PY1903222796 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2154 GMT 15 Mar 96

["Special" commentary for NOTICIAS ARGENTINAS by Jose Maria Monzon]

[FBIS Translated Text] Buenos Aires, 15 Mar (NA) — The lukewarm diplomatic offensive started by the Argentine Foreign Ministry in reply to the British aspiration with regard to sovereignty in the South Georgia Islands demonstrates that the government remains confident about the possibility of reaching a long-term fishing agreement and resurrecting the conversations concerning President Carlos Menem's trip.

A signal of this official hope was given by the fact that the meeting of the British-Argentine Fishing Committee scheduled for June has not been called off, despite the fact that Buenos Aires has temporarily suspended the negotiations for reaching a long-term agreement that is mainly of the Kelpers' interest.

The fishing crisis created by the detention of two Argentine ships off the Georgias coast was carried out by the British and not the Kelpers, given that the islands are under a colonial jurisdiction different from that of the Malvinas and the decisions are directly made by London without consulting the islanders.

British control of the Georgias waters has become an ordeal for Foreign Minister Guido Di Tella this year because the Foreign Office changed tactics to exert its sovereignty claim in the area based on the use of war ships and modern surveillance aircraft.

An action of this kind was totally foreseeable from the moment the United Kingdom extended from 12 to 200 miles its control of the waters; therefore, we have the obviously belated appearance of the moderate complaints that Argentina is now trying to file before London and international organizations.

The general fishing negotiations, which include not only the South Georgias but also the Malvinas and South Sandwich Islands, are not concluded; they are temporarily suspended, and once they resume, it is obvious that the United Kingdom will have a more advantageous position in comparison with the one it had before the conflict.

The truth is that the formula of diplomatic "discontent" used by the Argentine Foreign Ministry to protest before London presupposes a low intensity reply whose objective would be to prevent the worsening of bilateral relations and to ensure that the possibility of a trip to

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the United Kingdom by President Menem is not totally eliminated.

Some high-ranking government officials are unfavorably viewing the path chosen by Di Tella and are criticizing his slowness in grasping the British hardening that had been indicated a long time ago through diplomatic channels.

Di Tella's critics suspect that, while discussing the fishing issue with his counterpart, Malcolm Rifkind, the minister raised a reformulation of the legal-political sovereignty umbrella, including the Malvinas inhabitants as partakers in the settlement of the conflict.

Di Tella's critics are now describing as useless the seduction tactics that the minister implemented with the kelpers. They pointed out that these tactics have been useless vis-a-vis London's decision on Georgia Island.

Within the short term, no one foresees a fatal outcome for Di Tella, but almost everyone guarantees that his maneuvering capacity has been extremely limited and that the drawing up of his new strategies will be carefully reviewed before achieving official status.

At this moment, the PJ [Justicialist Party] congressmen want open discussions on the Malvinas Islands policy, especially concerning oil and fishing issues, something which the foreign minister views unfavorably, as he understands that his work will hardly be taken seriously if there are so many controls on it, as some people want.

Argentina: Paradoxes Noted in Clinton's Cuba Policy

PY1903223496 Buenos Aires CLARIN in Spanish 16 Mar 96 p 14

[Editorial: "Clinton, Between Helms and Castro"]

[FBIS Translated Text] The U.S. President has just approved the toughest law the country has seen since the administration of Ronald Reagan. This law increases the economic and commercial sanctions on Cuba that have been in effect for the past three and a half decades, and slows down the relaxation of tensions that had been developing slowly but irreversibly over the past few years.

The paradox is that for six months Clinton was able to elude pressure by the Republican majority in Congress to toughen the embargo on Cuba, yet the Cuban president needed only a simple gesture — involving the decision to shoot down civilian planes of anti-Castroist groups on humanitarian and propaganda missions — to accomplish what the most conservative groups were unable to achieve.

The act of allowing lawsuits against those who do business in Cuba, using properties confiscated from U.S. companies since Fidel Castro came to power, returns the situation to as it was in 1959. The law also imposes severe restrictions on the transit of people between Havana and the United States.

The Helms-Burton law opposes the trend of foreign investments in the island and affects not only Cuba's domestic economy — which is already severely strained — but also the commercial interests of different countries that have operated in Cuba for a long time.

Another paradox is that the measure seeks to force the political liberation of the island by imposing protectionist policies that disregard the rules for economic opening agreed at the WTO.

The immediate effects of the law will be felt in the political arena more than in the economic field. The law will hardly convince Canada, Mexico, or the EU to adopt the embargo as their own. In Cuba, meanwhile, the deteriorated internal situation has again found cover behind anti-North American demonstrations. In the United States, the situation has given Clinton a chance to grab and flutter a Republican flag in the midst of the electoral campaign and climb a few points in the polls.

This tool, tinted in anachronistic colors and encouraged — deliberately or not — by Castro's need for survival, which provoked the interruption of the policy of relaxation, does not seem to be the most efficient way to break the belligerence that continues to cause new victims on both sides of the Caribbean.

Argentina: Spanish Air Force Chief of Staff on Visit

PY1903173496 Buenos Aires TELAM in Spanish 1411 GMT 17 Mar 96

[FBIS Translated Text] Buenos Aires, 17 Mar (TELAM) — Lieutenant General Ignacio Manuel Quintana Arevalo, the Spanish Air Force chief of staff, arrived in our country today. He will meet Defense Minister Oscar Camilion and the Armed Forces top brass.

The high-ranking Spanish military officer arrived at 0845 today at the military area of the "Jorge Newbery" Metropolitan Airport, where he was met by his Argentine counterpart, Brigadier General Juan Paulik.

Within the framework of his official visit, which will end on 24 March, Quintana Arevalo will pay his respects to Admiral Enrique Molina Pico, the Navy chief of staff, on 18 March, and will subsequently meet Spanish Ambassador to Argentina Nicolas Martinez Fresno.

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At noon on 18 March, Quintana Arevalo will go to the "Condor" building [Air Force headquarters in Buenos Aires], where he will participate in a lunch in his honor hosted by the Argentine Air Force chief of staff, a lunch in which the Argentine Air Force top brass will participate, according to a communique.

In the afternoon of 18 March, Quintana Arevalo will meet Minister Camilion. After meeting Camilion, Quintana Arevalo will meet Lieutenant General Mario Candido Diaz, the joint chief of staff, and Lieutenant General Martin Balza, the Army chief of staff.

The Spanish Air Force chief of staff will end his 18 March official activities by participating in a dinner at the Air Force Club, where he will be decorated by his Argentine counterpart, Juan Paulik.

Argentina: Economic Upturn Foreseen During 2d Quarter

PY1903222496 Buenos Aires TELAM in Spanish 1526 GMT 18 Mar 96

[FBIS Translated Text] Buenos Aires, 18 Mar (TELAM) — Economists concurred today that the government economic course is correct, and foresee an economic upturn as of the second quarter.

Former Economy Minister Roberto Alemann emphasized: "We will overcome the recession during the second quarter. At that time, the harvest will be in, and this will prompt an aggregate demand."

Alemann added that the economic upturn "could be achieved" by mid-year "through the approval of housing loans."

Alemann did not want to predict the behavior of the stock exchange market over the next few days. He pointed out: "I don't know. No one knows."

Julio Macchi, Buenos Aires Stock Exchange president, emphasized: "President Menem's confirmation of the economic course, the enhancement of the program, and the pursuit of pending reforms" enables us to foresee "a much quieter" week "for the economy."

The stock exchange president believes this calmness "could prompt the markets to resume a positive course" and stimulate the arrival of investments.

Macchi pointed out: "All the government signals and the opinions of experts indicate that last week's incident has been overcome."

[Former Economy Minister] Alvaro Alsogaray noted: "Problems relating to the economic recession cannot be gauged on a quarterly basis, as they are caused by complex indicators."

Alsogaray said: "This is a process of recession with unemployment that was caused by the hyperinflation that prevailed in 1989."

Alsogaray said: "This process was masked by the entry of capital. We can overcome this situation through new foreign investments."

Alsogaray pointed out: "We must balance the budget in order to achieve investments." He confirmed: "The chosen course is correct. It is a difficult path, but we should not be intimidated."

Argentina: Turkish Parliamentary Delegation Visits

TA2003105596 Ankara TRT Television Network in Turkish 1800 GMT 19 Mar 96

[Burhan Ozdemir video report from Buenos Aires]

[FBIS Translated Text] A parliamentary delegation headed by Mustafa Kalemli, speaker of the Turkish Grand National Assembly, is in Argentina. The plane carrying Kalemli and his accompanying delegation landed at Ezeiza Airport at 1100 local time. Kalemli was received at Ezeiza Airport by (Omer Vaquir), head of the Argentine Senate's interparliamentary relations committee.

Recounting that the peoples of Turkey and Argentina share many values, Kalemli said love for humanity, faith in democracy, and loyalty to the parliamentary system are at the top of these values. Kalemli noted that he brought with him letters of goodwill from President Suleyman Demirel and Prime Minister Mesut Yilmaz.

Kalemli, who was awarded the title of honorary citizen of Buenos Aires, will start his official contacts tomorrow. He will first be received by Argentine President Carlos Menem and then meet with Senate President Carlos Ruckauf and Chamber of Deputies President Reinaldo Pierri.

This is the first visit to Argentina by a Turkish parliamentary delegation. The visit aims at expanding relations between the two countries.

Brazil

Brazil: U.S. Trade Representative To Visit 19 Mar

PY1903135896 Sao Paulo AGENCIA ESTADO in Portuguese 0012 GMT 19 Mar 96

[Report by correspondent Paulo Sotero]

[FBIS Translated Text] Washington, 18 Mar (AE) — U.S. Trade Representative Mickey Kantor will arrive in Brasilia on 19 March for a day of consultations that will confirm the different points of view held by

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Brazil and the United States regarding the speed of implementation of the Free Trade Area of the Americas (FTAA), the ambitious continental economic integration plan for 2005, announced by 34 heads of state and government of the continent in Miami in December 1994.

Besides meeting with Foreign Minister Luiz Felipe Lampreia, Kantor has appointments with business and labor union representatives. President Fernando Henrique Cardoso will receive the high-ranking U.S. official.

Kantor's agenda includes bilateral trade issues which were reviewed by himself and Lampreia last October, and matters that pertain to the two countries at the WTO. The most urgent of these subjects is the waiver Brazil intends to ask for at the WTO regarding compliance with certain international trade laws involving the automotive sector.

Kantor and Lampreia will travel together on 20 March to Cartagena, Colombia, where they will attend the second ministerial meeting concerning preparation of negotiations for the FTAA. Kantor offered Lampreia a ride in his official airplane, which the Brazilian foreign minister accepted in principle.

During the first meeting that took place last June in Denver, Colorado, seven working groups were created to discuss different aspects of the FTAA integration project. In Cartagena, four more groups, which Washington wanted since the beginning, will be created. They will deal with intellectual property rights, services, purchase of goods and services by governments, and the promotion of competitive (antitrust) policies.

The political unpopularity of the commercial integration proposal increased considerably among the Americans with the financial collapse of Mexico and the devaluation of the peso. Last year, the Clinton administration did not have enough support to obtain the necessary authorization (fast track) [preceding two words in English] from the U.S. Congress to negotiate Chile's partnership in the NAFTA, which is a pact among the United States, Canada, and Mexico. This situation is not expected to change in 1996, when presidential elections will be held in the United States.

The unfavorable political reality in the United States with regard to integration has led the Brazilian Government to believe that Washington's interest in the negotiations that began in Denver would have declined.

During the meeting in Denver, Lampreia said that Brazil had reached the limit of its economic opening and that tariffs would be reduced further only on the basis of reciprocity, especially in the case of the United States. Having the largest and most open market of the world, the United States decided to insist on that part of the integration project of most interest to itself; namely, the reduction of trade tariffs and barriers to its products in Latin America.

In the past four years, U.S. exports to Latin America increased by 44 percent. By 2010, the USTR estimates that U.S. exports to the region will amount to nearly $250 billion, more than the estimated exports to Europe and Japan together. Kantor today celebrated "the great trade leap" the United States registered with Brazil last year.

When asked about the current unpopularity of trade integration in the United States, Kantor avoided a direct answer, but he pointed out that "the opening of markets" for goods and services "made in the United States" continued to be "very popular" among the Americans. Nearly 150 U.S. businessmen will attend the Cartagena meeting, which will begin on 19 March with a meeting of private sector representatives. Brazil will be represented by Lampreia and Dorothea Werneck, industry, commerce, and tourism minister.

Brazil: 'Complaints' on Trade Imbalance With U.S.

PY2003022096 Madrid EFE in Spanish
2128 GMT 19 Mar 96

[FBIS Translated Text] Brasilia, 19 Mar (EFE) — U.S. Trade Representative Mickey Kantor today listened to reiterated complaints from the government, from Congress, and from Brazilian entrepreneurs, in connection with the imbalance in trade relations between the two countries.

During a lunch reception, entrepreneurs filled Kantor's glass with orange juice four times, which Kantor himself interpreted as a veiled protest over the additional tariffs that the United States has imposed on some Brazilian products, among them orange juice.

"My glass has been filled four times with orange juice. I understood what they meant by that," Kantor said at the start of his lecture at the National Confederation of Industry (CNI) headquarters.

However, a considerable part of his lecture was devoted to emphasizing that not only the United States should reduce the tariffs imposed on Latin American products, but the work must be done jointly and concertedly, in order to eliminate all barriers.

Kantor met with Brazilian President Fernando Henrique Cardoso and with Foreign Minister Luiz Felipe Lampreia. To both officials, Kantor reiterated the U.S. support for the Brazilian stabilization and opening process.

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Kantor also visited the Senate and the Chamber of Deputies, where the patent bill — the main U.S. demand — is awaiting approval.

The visitor emphasized that throughout their republican history, Brazil and the United States have developed sound friendship and cooperation ties, and that today they must unite even more closely, because as the two largest countries of the Americas, their mission is to lead commercial integration.

He said the ties joining the two countries are stronger than their differences, admitting that all barriers must be eliminated "both ways," not only with Brazil but with the entire continent.

He added that not only is it necessary to develop "free and fair trade" rules, but the living standards of people must be improved, without neglecting the principles of stability, progress, and democracy, doing away with protectionism.

"Reforms in the continent, the liberalization of the economies, and the consolidation of democracies deserve the applause of the U.S. Government, because they reflect the true commercial spirit of nations," Kantor remarked.

He made particular praise of the reforms being proposed by the Brazilian president, adding that they will be essential in the increasingly close relations between the two countries and in the process of interdependence within the Americas.

Kantor emphasized that U.S exports to Latin America are equivalent to U.S. exports to Europe and that they — like U.S. sales to Japan — will grow over the next 10 years.

He emphasized that it is necessary to accelerate the second stage of the continental integration process, which provides for a free-trade zone in 2005, adding that at the ministerial meeting in Cartagena de Indias his role will be to see whether it will be possible to attain this objective.

Senator Fernando Bezerra, CNI president, told Kantor that among the difficulties hindering Brazilian exports are the high tariffs on imported orange juice and the sanitary restrictions on fowl, fruit, and vegetables.

"Other major obstacles are the incomprehension over the dumping and subsidizing processes, and the delay in renewing the General System of Preferences."

Kantor said he understood those complaints, noting however that "nations should not limit dialogue to tariff barriers," but they should find rules that are equal for everyone, and this includes services and intellectual property, for example.

He quoted President Cardoso as saying that development is meaningless without social justice, adding that it is necessary to build a stronger middle class because it is the basis of prosperity and economic stability.

He emphasized that the improvement of the life of the people of the Americas calls for cooperation, for the strengthening of relations, and for the end of barriers: "There are differences of opinion, but we have more points of agreement and we have a promising future."

"Commerce is not a game whose result is zero. Everyone makes a profit," he emphasized.

Brazil: Daily Analyzes Middle East Antiterrorism Summit

PY1903030496 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 15 Mar 96 p A3

[Editorial from the "Notes and Information" page: "Terror and Politics"]

[FBIS Translated Text] Practically all the countries involved in the peace process in the Middle East attended the summit against terrorism. Those 27 countries are the same that five years ago formed an alliance to expel Iraqi troops from Kuwait, with the noticeable absence of Syria and Lebanon. It is an extraordinary expression of common will and common effort in the war against terrorism. Results have nonetheless been precarious.

The chiefs of state and government heads who met in Sharm al-Shaykh confirmed something obvious: Any concrete initiative to fight terrorism collides with the different interests of the countries involved, with their different domestic situation, and with their relations with whomever identifies himself as the source of violence. Terrorism has two components: A domestic support base, whose modification calls for a long political process, with all the necessary negotiations and concessions; and the involvement of foreign countries, which can be terminated only through the conviction to do so, or through a war.

It is obvious that a summit meeting — no matter how frank the speeches it may produce — will not create the conditions for dealing a final blow to terror. No one is willing to go that far in the war against those who obstinately finance terror. The leaders who attended the meeting accommodated their interests with respect to Iran, Syria, and Saudi Arabia, the regimes that sponsor Palestinian terrorism. The text of the final declaration, vague and imprecise, is the result of such accommodation.

There is no major difference of opinion — as to what to do to attack terrorism — between the countries who

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attended the summit, which were to each other's side in complex initiatives like the anti-Iraq alliance in the Gulf War. Firm, decisive action is necessary to cut the supply of money, arms, information, and all type of support to terrorist groups. If there is anything to be learned from Sharm al-Shaykkh, it is that the wishes of the world's major nations — even if dealing with a small country like Israel — are not enough for taking effective action against terrorism.

Terrorist actions cause criminal results, but they are political in nature. Common crime is fought by increasing punishment and by reducing the reward, that is, by modifying the gain-loss ratio. Terrorists do not play a game of material gains and losses. As is shown by Hamas actions, the members of this group are willing to give their lives for an ideal, no matter how wrong. In practice, this makes terrorists much more dangerous and unmanageable than the boldest common criminal. Consequently, even though reinforcing police repression with exchange of information, sophisticated equipment, etc. can help prevent terrorist actions, it is not enough for resolving the problem. It is necessary to modify the factors that are the driving force of terrorism, and such factors are political in nature. In this regard, the summit was a major step forward, because it reflects a new international disposition to deal with the problem. The presence of chiefs of state and representatives of 27 countries will help consolidate the perception of the international nature of terrorism.

This was only the first summit. If it is followed by other meetings, the idea that governments must take concerted action will start taking shape. The mobilization of countries by itself proves the importance of this problem, and can modify the weight it carries in connection with other political interests. The debate must continue also for the purpose of finding ways to reduce support for terrorist groups, and to pressure terrorism-sponsoring countries to change their attitude. Throughout this debate, antiterrorist instruments may be designed, circumventing or reducing the inherent risk of international crises.

Brazil: Castro Allegedly 'Profits' From Helms-Burton Law

PY2003025696 Rio de Janeiro JORNAL DO BRASIL in Portuguese 16 Mar 96 p 8

[Editorial: "A Trick Up the Sleeve"]

[FBIS Translated Text] On 12 March President Clinton moved one more piece in the mediocre chess game being played between the United States and Cuba on the Florida coast. The Helms-Burton law, which was signed by Clinton, tightens still further the long-lasting (36 years) embargo against Cuba. The only economic result of this embargo has been to keep U.S. enterprises away from an extremely disputed market. In the field of Cuban domestic politics, however, it is Fidel Castro who profits.

The downing of the planes of the Brothers to the Rescue organization and the death of the four crew members are being used to reinforce already known positions — which are anachronistic — in a world that is open to the market economy. In an electoral year, Clinton is bowing to the Cuban lobby in Florida. In return, Castro is left at ease to increase danger abroad.

Brazil, together with the 13 other Group of Rio member countries, protested against the Helms-Burton law, because they think this law violates international law, the UN Charter, and the OAS Charter. Furthermore, they think that the Helms-Burton law goes against the WTO principles. Concerned over the advantage the other countries have, Fidel Castro told some U.S. entrepreneurs who visited Cuba before the downing of the planes: "We want products, not ideas. We already have enough ideas..."

There is an iron logic in all that. The embargo that has been in place since 1960 has not contributed at all to injecting democratic medicine in the totalitarian blood vessel. What has occurred has been exactly the opposite of what had been planned. Last year, the ECONOMIST asked: "What has been the advantage of maintaining Cuba isolated, now that its ideology has become a museum piece?"

Castro has authorized some economic changes, of a rather Chinese style, but without giving up one centimeter of his political power, just the way the PRC usually does. With the downing of the planes incident, Castro confirmed his plans to remain in office until he dies. Cubans — excessively saturated with a 37-year-old dictatorship headed by a 70-year-old man — must continue trying to leave the island or must keep their mouths shut.

This has been a fixed game from the very beginning. When Castro declared in 1961 that "the revolution is socialist," and instituted Marxism-Leninism as the official Cuban ideology, he evidently had already had a trick up his sleeve for quite some time, since the moment his followers entered Havana in January 1959. The frustrated Bay of Pigs invasion and the crisis of the Soviet nuclear missiles in the following years, have contributed to strengthening Castro's image at home, which was made more impressive still as a result of the U.S. blockade.

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Several other things occurred since the episode of Castro's trick hidden up his sleeve and the moment the Helms-Burton law was promulgated: Cuba was expelled from the OAS; lost the $4 billion aid the USSR used to give it; the Berlin wall was dismantled; the Soviet empire crumbled; and several economic blocs have been created. The world has changed. Only Cuba has not changed and has now become a relic of the Cold War.

Asphyxiated by the loss of the Soviet financial assistance, Cuba has been resisting and resorting to nationalistic tricks, such as the downing of the planes, which cause a worsening of the embargo and result in the political strengthening of Castro's image. There is nothing new in this vicious circle: Not all Cubans living in Miami are willing to give everything up and go back to the island, at this stage. In addition, there are millions of Cubans living on the island who believe that their lives improved after the revolution, because they have never known any other political system.

Castro has been surviving by opening gaps in the government control over the economy. He has already allowed autonomous work in more than 100 different fields; Cubans can now possess dollars; and more than 100 large foreign enterprises, except U.S. ones, have been attracted to the island. Despite laws such as Helms-Burton, polls being conducted since 1994 have been indicating that more than 40 percent of the Cuban exiles living in Miami favor an open dialogue with Castro, because they are tired of waiting for the regime to fall. The embargo against Vietnam, where more than 50,000 Americans died, has already been revoked. In Cuba, the wheel of fortune turns around the other way. Cuba is a business mine for European, Latin American, and Taiwanese entrepreneurs — but not for U.S. ones.

For how long will the impatience of the Cubans living in Miami continue to dictate rules for U.S. foreign policy? In 1990, an issue of the Report of a Free Cuba, published by Cuban exiles, warned against the chaotic potential of a possible sudden fall of the Castro regime, which could result from the unavoidable flow of thousands of people coming and going along the Miami-Cuba route. The years have passed, the regime has not fallen, but even anti-Castro Jorge Mas Canosa fears a repetition of the Mariel episode, when 125,000 Cubans left the island and sought political asylum in the United States.

The Helms-Burton law benefits the status quo. Castro wants products, not ideas, and the capitalist virus inhabits products much more than it permeates ideas.

Brazil: Defeat of Social Security Reform Analyzed

PY1903032396 Rio de Janeiro JORNAL DO BRASIL in Portuguese 17 Mar 96 p 3

[Unattributed article entitled: "The Government and Congress Without Mystification"]

[FBIS Translated Text]

The Sackers

Opportunism and the dispensing of favors prevail in Congress. An investigation made by the government reveals that one third of lawmakers use their seats for making nominations and for obtaining favors and funds for their districts. This is why the government did not approve the majority of the nominations made by government-base lawmakers, inflaming the spirits even further. At the beginning of the government term, allies nominated candidates for 5,000 posts all over the country.

Deputies Falling in the Sea

A few days before the voting on the social security amendment, a group of Rio Grande do Sul deputies asked for a meeting with Banco do Brasil President Paulo Cesar Ximenes to protest the closing of Banco do Brasil branches in their state. Ximenes did not grant the request. Nine government lawmakers are believed to have voted against the social security reform because of this attitude. Complaints have also been made against Health Minister Adib Jatene, Planning Minister Jose Serra, and Industry and Commerce Minister Dorothea Werneck.

Pirates

The opposition, which holds a minority in Congress with a bit more than 100 votes, took a long time to realize that the best strategy was to make alternative proposals to the constitutional reform bills. In the first year, its tactics focused on obstruction. It was run over by the CUT [Workers Sole Center] engagement in the negotiations over the social security reform.

The Confused Sailor

One hour before the voting on the social security reform, Social Security Minister Reinhold Stephanes — at the request of PFL [Liberal Front Party] Deputy Vic Pires — designated the new INSS [National Social Security Institute] superintendent in Para. Protesting this decision, four PMDB [Brazilian Democratic Movement Party] deputies did not vote for Euler Ribeiro's proposal. The minister spent all the time criticizing Euler Ribeiro's proposal, and now he will have to agree to a minimum reform.

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Corporations in the Bows

The interests of economic and professional groups predominate in Congress. The rural bloc, made up of deputies and senators from all parties, has more cohesion and organic strength than political parties. Congress is dominated by the health, Banco do Brasil, northeastern, and public servants' blocs. During a lecture in Mexico, President Fernando Henrique Cardoso criticized the fact that lawmakers give up their role of people's representatives to become lobbyists.

Drifting Leaders

Government leaders Luiz Carlos Santos (PMDB-SP) [Sao Paulo], Inocencio Oliveira (PF-PE) [Pernambuco], Jose Anibal (PSDB-SP) [Brazilian Social Democracy Party], and Michel Temer (PMDB-SP), made overly optimistic estimates of the voting on the social security reform. Totally unaware of what was happening in the blocs, they counted on a victory with at least 330 votes. At the meetings at Planalto Palace they discussed how to face the requests for special voting on specific topics, which they expected from dissidents. Government leaders were getting ready for pictures showing them shaking hands to celebrate the victory. They said Congress would take a new pace with the three fifths of the votes they were expecting.

The Treasury in the Hold

Congress resisted as much as it could the reform of its own social security system. The reform would modify the rules for the entire society, but lawmakers wanted to maintain the distortions of the Social Security Institute of Congress.

The Pyromaniac

After a 14-hour flight with President Cardoso, Ceara Governor Tasso Jereissati arrived in Tokyo and said that Senate President Jose Sarney (PMDB-AP) [Amapa] was irresponsible and thoughtless because he sponsored the CPI [Congressional Investigative Committee] that will look into the banks. Instead of intimidating Sarney, this statement inflamed the Senate spirits even further, awakening corporatism.

Tourists by Chance

Concentrating on their trip to Germany, in response to an invitation from the Konrad Adenauer Foundation, Senate government leaders Elcio Alvares (PFL-ES) [Espirito Santo], Sergio Machado (PSDB-CE) [Ceara], and PPB [Brazilian Progressive Party] President Esperidiao Amin (SC) [Santa Catarina] did not perceive the coordination work made behind the scenes to create the banks' CPI. They returned to real life when Senator Antonio Carlos Valadares (PSB-SE) [Brazilian Socialist Party-Sergipe] read the request for creation of a CPI.

Broken Compass

Planning Minister Jose Serra pressured government leaders to submit to voting the bill setting forth that retired workers should also pay contributions. Serra insisted despite the fact that all leaders warned him that this would not be approved. The bill was defeated by 306 votes to 186, starting a wave of government defeats in social security matters.

The Cannon

Communications Minister Sergio Motta irritated Sao Paulo Mayor Paulo Maluf's PPB [Brazilian Progressive Party] when he advocated reelection for everyone, even though he knew that Congress would not approve it. Whenever Motta revealed the PFL intention to remain 20 years in power, the PPB took a step backward. The government gave the PPB — which has the third largest bloc in Congress — no ministerial post. In the meantime, government leaders said the PPB deserved a ministry, giving the impression that the PPB was heavily relying on opportunism, harming the party's image.

Exchange of Fire

The government always rejected the exchange of favors, but the defeat of the social security reform was sufficient to make ministers and leaders advocate retaliation against the unfaithful. The latter, who had posts, began to exploit the fact that if the government dismissed them, it would be precisely playing the "give in order to receive" game.

The Mutiny

When Vicente Paulo da Silva, aka Vicentinho, president of the Sole Workers Center, decided to support the social security reform, the opposition became isolated and the government enjoyed an early celebration. The union leader's deference annoyed the Special Commission members, who became mere supporters of Vicentinho's wishes. This situation irritated the government base and Union Force President Luis Antonio Medeiros, who felt that the government betrayed him.

Sonar Off

The government failed to communicate to society the changes provided for by the social security reform. A broad explanatory campaign was suggested to the Communications Secretariat, but the campaign never went beyond paper. The result is that voters, instead of asking deputies to support the changes, as they did

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with the economic reform, asked them to vote against them.

Brazil: Nation Seeking Social Security Reform Approval

PY1903172596 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 19 Mar 96

[FBIS Translated Text] The government is preparing its strategy to secure congressional approval of the social security reform on 20 March. President Fernando Henrique Cardoso today met with the party leaders in the Chamber of Deputies and they decided that, in principle, the social security reform will be put to a vote on 20 March. However, the definite position will be established tonight when the party leaders will finish a poll among the deputies. The government wants the social security reform to be voted on in the house only if it obtains enough votes to guarantee the approval of the bill. The reason for this is that if the reform is not approved this time in Congress, it can only be returned to Congress next year.

Brazil: Nearly All Members of CPI on Banks Appointed

PY1903182596 Rio de Janeiro Rede Globo Television in Portuguese 1615 GMT 19 Mar 96

[FBIS Translated Text] Another member has been appointed to the CPI [Congressional Investigating Committee] on banks in the Senate. The PPB [Brazilian Progressive Party] has appointed its member this morning. The government will now try to annul the action of this CPI through votes.

The dinner President Fernando Henrique Cardoso attended last night with the PPB representatives was not useful. Although he promised the PPB greater participation in government decisions, the PPB did not change its mind. This morning the PPB appointed its representative to the CPI on banks. It will be PPB President Esperidiao Amin.

[Begin Amin recording] The party will comply with its duty, without yielding. It will put an end to the speculation that the president and the PPB are sponsoring something that would be inadequate for the moral standard the country demands. [end recording]

With the naming of a CPI member by the PPB and the appointment this afternoon of four other members from the PMDB [Brazilian Social Democracy Party], seven members of the CPI on banks have now been appointed. This is the majority of the 13 members which it should have. This means that the government's initial strategy to prevent the appointment of the party representatives to the CPI has failed.

The government party leaders in Congress will now attempt to annul the CPI through a voting session. The Constitution and Justice Committee will present tomorrow the report of Senator Jose Inacio Ferreira, who opposes the CPI functioning without the appointment of all its 13 full members. The party leaders will also question the petition to create the CPI, alleging that it is unconstitutional. However, Senate President Jose Sarney said there is nothing to question:

[Begin Sarney recording] In my opinion, the CPI has been formed and it is irreversible, unless the CPI decides on its own to dissolve itself. [end recording]

The PMDB has already determined the names of its representatives to the CPI on banks. They will be Senators Jader Barbalho and Ronaldo Cunha Lima as full members. The names of two more full members and four alternate ones will be determined today.

Brazil: President Cardoso Addresses Nation

PY2003015696 Rio de Janeiro Rede Globo Television in Portuguese 2254 GMT 19 Mar 96

[Address to the nation by President Fernando Henrique Cardoso on 19 March; place not given — recorded]

[FBIS Translated Text] Good evening. Last week I visited Japan, where I saw the confidence that countries have in Brazil has grown stronger.

I wanted to tell you that I am proud of being Brazilian. During my visit abroad — not only in Japan but also in the other countries I have visited — the positive repercussions of the decision by the Brazilian people to end with inflation.

In addition to the respect that Brazil commands, there is renewed interest and enthusiasm in granting us financial resources for large-scale projects, and in granting Brazil a key role in international investment.

Proof of this is that all automobile industries in Brazil are increasing their production and expanding their facilities.

Enterprises that until a short time ago were not operating in Brazil — like Renault, the Mercedes car manufacturer, Honda, and others — have now decided to invest in Brazil.

All this will produce jobs, especially with the reactivation of energy and telecommunication projects, and with the farm income increase that we expect for 1996.

This is a consistent reactivation of economic growth and of the effort against unemployment.

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What is even more important, the studies from respectable organs like IBGE [Brazilian Institute of Geography and Statistics] and IPEA [Applied Economic Research Institute] show that for the first time in decades, a true redistribution of income has taken place.

The participation of the poorest sector of the population in the distribution of income has increased by 1.2 percent. This accounts for 7.3 billion reals [R] that are distributed among 10 million families.

Food consumption has grown by an average 30 percent, while demand for proteins and electric home appliances has also grown.

In return for this progress, many enterprises will have to be restructured. For example, banks, whose profits in 1994 reached approximately R10 billion thanks to inflation — which produced gains on their accounts — lost 95 percent of these profits in 1995.

This is further evidence that the government policy benefits the poor, and not the rich.

Interest rates have dropped by approximately 50 percent over the past 12 months. This will benefit producers, not speculators.

To guarantee stability and promote growth, a country needs a sound financial system. For this reason, we want to correct the distortions in our system.

Incidentally, this concern is not only ours. It is a concern in all large countries of the world.

Just a few people are well informed about two recent measures that the government adopted to strengthen the financial system. They are the PROER [Program to Encourage the Reorganization and Strengthening of the National Financial System] and the deposit insurance.

Some misguided people — or others who are dishonest — claim that those measures benefit bankers. They are wrong. The deposit insurance was created to defend your bank accounts, the accounts of public servants, workers, retired workers, entrepreneurs, etc., that is, of millions of Brazilians who have a bank account.

The PROER was created to help build a sound financial system. Its objective is to facilitate the transfer of banks that are in trouble to sounder and more proficient institutions.

This permits the bank to continue operating, while your deposit is preserved.

Where do PROER funds come from? They are supplied by the financial system itself; not from the Treasury, but from the deposits that banks make at the Central Bank. Contrary to what some people have said, those funds are not supplied to save broken bankers. They are loans that produce interest and that are granted only with effective guarantee.

Consequently, it is dishonest to say the government is taking money from the education and health sectors to save bankers.

That money is not owned by the government and, therefore, it cannot be used for such sectors.

I would also like to say that the frauds abut which so many comments have been made were investigated by this government, by the Central Bank.

The fact that an administration has taken such strong action on those who squander or misuse money of their clients is new in Brazil.

The government clearly explained to the country what happened. It submitted the investigations to the prosecutors' office, so that the courts may impartially and rigidly punish those responsible.

For all those reasons, the government feels comfortable to address the nation and to explain its actions.

There are no scandals to be concealed or people to be protected. The continuity of a good administration; of openness about the country's expenditures; and of the country's respectability, particularly abroad, requires that we maintain the atmosphere of tranquillity and composure that we are currently experiencing. It calls for the correction of the distortions that have been in force for decades, which the administration could only see and begin to correct after the inflation rate dropped. To maintain this atmosphere, which is so favorable to the country, we must also be firm in continuing to implement reforms. We have already harvested the first results of economic stabilization, but to ensure the continuity of the Real Plan, we must now achieve what the economists call a fiscal balance. In other words, we must act like the head of a family, we cannot spend more than what we receive. One thing is certain, however, money does not grow on trees, it cannot be manufactured. Whenever someone tries to invent it, the fake currency of inflation is created.

Money can only be obtained through production, through work and, in the government's case, through tax revenue. Someone must always pay the bill. In this case the one who does is you the taxpayer. I will mention the example of public employees: In 1992, government expenditures with the payroll totaled R14 billion. In 1995, the government spent the same amount just to pay pensions to retired public employees. In 1996, the payment of pensions to retired people may

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total R22 billion. The one who pays all that is you. This is why we must end unnecessary expenditures, waste, and privileges. This is why the administration badly needs Congress to approve the social security area reform, the administrative reform, and the fiscal reform.

What is the administration seeking to obtain through the social security area reform? First, to correct unfairness and eliminate privileges. Second, to create the required conditions to prevent a public deficit. Third, to ensure that retired people will continue to receive their pensions in the future and that these pensions will continue to have the real value they do at least now. You — pensioners and retired people — can, therefore, be calm. Your achieved rights will be fully respected. This administration, which will not profit at all from this reform because it will only yield medium and long-term results, will see to it that you do not have to face losses resulting from the return of high inflation or from the risk of having a bankrupt social security system.

I now ask: Are you willing to pay for privileges? Why should a public employee be able to retire, as it has been happening, at the age of 40, with a full salary and often receive more than they received while on active duty? Why can't you do the same? Is that fair? This is what the government proposal and the proposal presented by rapporteur Deputy Temer want to end. The proposals seek to end unfairness and to all special and unjustified retirement privileges. Is it fair to have someone contribute to the social security system for 15 years and then, after retiring at an early age, receive a pension for 20 more years without working ever again? Worse still: Is it fair that this retired person, without having done anything to deserve it, receives the same increase that active employees receive after taking a course in order to improve their productivity? It is to correct these unfair privileges that the administration is proposing the social security area reform. This is the first step to ensure that it will be possible to maintain our currency strong and thus prevent further inequalities in the treatment Brazilians receive.

After this reform will come the administrative reform. The objective is the same: To allow the government to manage, in a more flexible manner, its administrative personnel while respecting, in the way it should be, the rights and interests of public employees. The administration seeks to curb abuse, idleness, and lack of interest in serving the people. The reform will also allow the government to give awards to good public employees, who are the great majority of our public employees.

Later there will be a fiscal reform to reduce import taxes, to reduce the burden of taxes on farmers, to reduce taxes on machinery imports, and — mainly — to make it easy to fight tax evasion.

This is why I am so committed to these reforms. The country needs them. During my electoral campaign I promised I would implement these reforms. I want to fulfill this promise. This is why I have incessantly resorted to Congress and have democratically negotiated with it, with the political parties, with the labor unions, and with the Brazilian society. It is now the time to face the truth. We have two paths to follow:

One is to continue to administer the country without the reforms. This would represent going back to a past that we already know. It represents going back to instability, to political patronage, to privileged corporations, and to unbridled inflation rates.

The other calls for the reforms on which I — as well as you — believe. This is a way of betting on our future, on democracy, on a strong currency, on increased earnings, on a better wealth distribution, and — particularly — on the end of privileges.

I trust our Congress, and I trust it will be wise enough to choose the path that leads to the reforms that are in tune with the Brazilian people's wish to implement changes in our country. Thank you very much.

Brazil: Roundup of Economic Reports Through 15 Mar

PY1503154796

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 15 March.

Basic Leading Indicators

Disbursements To Create Jobs Seen — Codefat, the Workers' Assistance Fund Council, has approved the disbursement of 3.5 billion reals, R, in three years, for infrastructure and transportation projects that may generate jobs. The resources are part of the administration's Proemprego program, which contemplates investments totaling R9 billion. Of this total, R2.5 billion will come from the National Bank of Economic and Social Development and R3 billion from the administration. More than R1.5 billion of this total will be earmarked for works to be conducted in Sao Paulo State. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 11 Mar 96 Section 2 p 3)

Industrial Production Still Dropping — The Brazilian Institute of Geography and Statistics has reported that Brazilian industrial production still decreasing and that in January it was 0.6 percent lower than in December and 8.6 percent lower than in January 1995. Industrial

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production accumulated from January 1995 to January 1996 dropped by 0.3 percent. Mechanical industries production in January was 1.2 percent lower than in December and 36.2 percent lower than in January 1995; textile production in January 1996 was 25.1 percent lower than in January 1995; and the metalwork industries production 13 percent lower in the same period. In January 1996, tobacco production increased by 16.9 percent, industrialized food production by 15 percent, and pharmaceuticals 6.9 percent compared to the same month in 1995. (Sao Paulo AGENCIA ESTADO in Portuguese 2251 GMT 12 Mar 96)

Petrobras Daily-Production Record Viewd — The Brazilian Petroleum Corporation reported on the night of 12 March that the national oil production in February stood at an average 810,000 barrels per day. On 28 February, the company had a historic record level of daily oil production: 825,750 barrels. (Sao Paulo AGENCIA ESTADO in Portuguese 0013 GMT 13 Mar 96)

Heavy Industry Hiring People — After dismissing workers for seven consecutive months, the Sao Paulo heavy industries hired 350 workers in February. The number, however, is too little compared to the 8,362 people who have been dismissed in the last 12 months. Nowadays, the Sao Paulo heavy industries have 36,435 employees. (Sao Paulo AGENCIA ESTADO in Portuguese 0013 GMT 13 Mar 96)

February's Trade Balance Deficit Noted — The Brazilian trade balance registered a deficit of $7 million in February. This is the first negative balance since June 1995. In February, Brazil exported $3.421 billion and imported $3.428 billion. Compared to February 1995, when the country exported $2.952 billion, last month's exports increased by 15.89 percent. February 1995 imports stood at $4.047 billion and last month's were 15.30 percent lower. The February 1995 deficit stood at $1.095 billion, while last month's was 99.36 percent lower. Car imports increased from the $33 million purchased in January to $51 million in Feburary, durable goods from $194 million to $250 million, consumption goods from $542 million to $593 million, and fuels from $336 million to $362 million. Manufactured and semi-manufactured goods exports increased this year, as well as the exporting of basic products. Compared to January-February 1995, steel plates exports increased by 66.86 percent this year. Heavy machinery exports, however, decreased by 32.15 percent, shoes exports by 11.48 percent, and car exports by 28.27 percent. (Sao Paulo AGENCIA ESTADO in Portuguese 2248 GMT 13 Mar 96)

February International Reserves Reported — A Central Bank source has reported that Brazilian international reserves totaled $55.5 billion in February and that this represented a historic record. In the same month, the Central Bank purchased $2.212 billion in net currency in the market and only disbursed $244.6 million to honor the country's debts with the Paris Club. (Sao Paulo AGENCIA ESTADO in Portuguese 1509 GMT 13 Mar 96)

Financial Operations

Renault Builds Factory in Parana — Parana State Government will be the partner of the French Renault in the latter's factory to be built in Brazil, at Sao Jose dos Pinhais, in the outskirts of Curitiba. The project will require a $1 billion investment. Renault will control 60 percent of the capital, and the Parana government and a pool of investors will be responsible for a nearly $300-million investment. The organization of the pool of Brazilian entrepreneurs is being coordinated by Parana Governor Jayme Lerner (Democratic Labor Party). The agreement signed by Renault President Louis Schweitzer and Governor Lerner, near Paris, on 12 March establishes that the factory will already be functioning in 1999 and production 120,000 units per year. (Rio de Janeiro O GLOBO in Portuguese 13 Mar 96 p 25)

Japanese Loans for Brazil — Japan has lent $1 billion to Brazil to widen the Sao Paulo-Florianopolis road and to build a subway system in Fortaleza. This was announced on the second day of President Ferando Henrique Cardoso's visit to Japan. (Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 13 Mar 96)

Foreign Investment Drops in February — Compared to January, foreign invesment in the Brazilian stockmarkets dropped by $715 million in February, when the difference between the money that entered the country and the money sent abroad totaled $365 million. Central America is responsible for 35 percent of the resources that enter the country in February, and North America for 32 percent. (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Mar 96 p B4)

Fiscal, Monetary Issues

Monetary Base Drop Viewed — The Central Bank managed to reduce considerably the amount of money in circulation in February. To this extent, it issued a net R8.1 billion in public certificates, thus reducing the monetary base by 23.8 percent. The withdrawal of R5.428 billion from the economy has been one of the factors that prevented the interest rate from dropping further, while it intensified the drop in the inflation rate.

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(Sao Paulo GAZETA MERCANTIL in Portuguese 11 Mar 96 pp A1, B4)

February Treasury Deficit Reported — In spite of the budget restrictions, the National Treasury haad a cash deficit of about R770 million in February. As a result, the January-February accumulated Treasury deficit totals R3.6 billion. Although only one twelfth of the General Budget for lack of Congressional approval of the 1996 Budget, the administration has already spent in 1996 more than twice as much as what it spent in the same period lat year, when the National Treasury deficit stood at R1.46 billion. In February, the revenue totaled R7.1 billion, while expenditures totaled R7.8 billion. In February 1995, however, revenue totaled R7.4 billion and expenditures totaled R9.4 billion. (Sao Paulo GAZETA MERCANTIL in Portuguese 12 Mar 96 pp A1, A5)

Trade Issues

Coffee Exports Lowest Since 1980 — For the fifth consecutive month, Brazil has failed to comply with the accord signed with the Association of Coffee-Producing Countries, which established the country's coffee export quota at 1 million sacks per month. In February, Brazilian exports of coffee in grain, toasted, and ground totaled merely 574,566 sacks. This is the lowest volume of coffee exports in a month since 1980, when the country exported only 345,000 sacks. In January and February 1996, exports totaled 1,155,000 sacks, which represented a 31 percent drop compared to coffee exported in the same period of time in 1995. More serious, however, is the fact that the country lost exchange revenue, which stood at $82.74 million and was 39 percent lower than the $135.55 million obtained in February 1995. (Sao Paulo O ESTADO in Portuguese 13 Mar 96 p B4)

Brazil: Roundup of Economic Reports Through 19 Mar

PY1903231096

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 19 March.

Basic Leading Indicators

International Reserves Figures Reported — The international liquidity reserves reached $55.5 billion in February, breaking all records. The level of reserves was at $53.540 in January. They rose by $1.968 billion. In February, the Central Bank purchased 2.212 billion reals, R, of strong currency and the only disbursement was R244.6 million to honor commitments with the Paris Club. The Central Bank is expected to register a R2.6 billion loss this year which will be compensated by the National Treasury. When the Central Bank registers surpluses, it transfers them to the Treasury to reduce the internal debt. The cost of Brazilian international reserves is 22 percent annually. Reserves invested abroad yield an average 6 percent gain annually. Most reserves are in long-term investments in the BIS (Bank of International Settlements). (Sao Paulo GAZETA MERCANTIL in Portuguese 13 Mar 96 p B10)

Monetary Base Figures Reported — The Central Bank has released the February figures on the monetary base, represented by issued currency plus banking reserves. Based on daily average balances, the monetary base balance dropped by 9.9 percent. Considering the end of the month position, the monetary base dropped by 24.2 percent to total R17.006 billion at the end of February. (Sao Paulo AGENCIA ESTADO in Portuguese 1832 GMT 14 Mar 96)

Industrial Production Rates Drop — Regional industrial production rates for January were mostly negative in comparison with January 1995 in the nine regions studied by the Brazilian Geography and Statistics Institute, IBGE. The only exception was Minas Gerais State where industrial production increased by 0.3 percent thanks to the transportation material industry. The greatest drop was in Pernambuco State were industrial production dropped by 19.9 percent as consequence of the sugar industry. Industrial production per region was as follows: -19.3 percent in Rio Grande do Sul; -17.8 percent in Parana State; -15.24 percent in the southern region; -12.4 percent in Sao Paulo State; -9.5 percent in the northeastern region; -6.6 percent in Santa Catarina State; -3.7 percent in Rio de Janeiro; -3.4 percent in Bahia. (Sao Paulo AGENCIA ESTADO in Portuguese 2037 GMT 18 Mar 96)

Financial Operations

Japanese Investments Announced — Communications Minister Sergio Motta will return from Japan with a letter from the Eximbank promising to open a credit line for the companies that want to invest in Brazil. Eximbank has already received consultations from Japanese businessmen willing to invest $5 billion. It was announced that $1.066 billion are available for infrastructure projects. (Rio de Janeiro O GLOBO in Portuguese 14 Mar 96 p 2)

Japanese Investments Announced — The Japanese Government has opened an export insurance credit line worth $1.5 billion for the Brazilian public sector. This was announced by Japanese Prime Minister Ryutaro Hashimoto during a meeting with President Fernando Henrique Cardoso in the Akasaka Palace in Tokyo on

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14 March. Hashimoto stated that Japan may grant a $200 million bridging loan for the Brazilian Alunorte aluminum plant. The Japanese Overseas Economic Corporation Fund has granted Brazil $529 million worth of low interest loans distributed in the following manner: $200 million for an environmental cleaning up project in Parana State; $85 million for an environmental improvement project in Salvador and the cities around the Todos os Santos Bay in Bahia State; $174 million for the flood prevention program in Itajai Valley, Santa Catarina State; and $60 million for the construction of new windmills in Ceara State. Mitsubishi Corporation President Minoru Makihara told President Cardoso of his plans to expand investments in Brazil with the construction of a transportation equipment factory in Goias State. Sony Corporation President Norio Ooga told President Cardoso of his plans to invest $20 million in Brazil in 1996. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 15 Mar 96 p 2)

New Bank Incorporation — Through an agreement signed on 15 March, the Antonio de Queiroz Bank has incorporated the United Bank creating a new institution that will maintain the name Antonio de Queiroz. The bank will issue nearly R20 million worth of shares, most of which will be purchased by United Bank owner Ricardo Mansur who will gain control of the new bank. Beside this, the new bank will ask the Central Bank for a R120 million credit within the framework of the Program to Encourage the Reorganization and Strengthening of the National Financial System, PROER, to provide its working capital. The bank deal means the United Bank, which was a wholesale bank with only one branch that rendered services only to corporations, will have 11 more branches of the Antonio de Queiroz Bank distributed in the State of Sao Paulo, especially in the Riberao Preto area and Santos. It will participate in retail banking with direct credit operations for consumers and administer Mastercard credit cards. A bank communique states that the new Antonio de Queiroz Bank will rank among the 60 largest Brazilian financial institutions, with a net patrimony of R70 million and total assets worth R300 million. The new bank will include the subsidiaries United Leasing Inc., Mercantil Rents, United Insurance, United Distributor, and United Business. The Antonio de Queiroz Bank was founded in 1892. It is the second oldest bank in Brazil after the Economico Bank. Ricardo Mansur, its new controller, also owns the Leco, Vigor, Flor, and Nata dairy industries. (Sao Paulo AGENCIA ESTADO in Portuguese 2231 GMT 15 Mar 96)

Malaysian Lumber Companies Investments — In barely two months, three of the six largest Amazon lumber companies, Amplac, Compensa, and Moraes Madeiras, have been bought by Malaysian lumber companies in an apparent offensive to ensure raw material in face of the depletion of Malaysian lumber reserves. Moraes Madeiras confirmed a joint venture with the WTK Organization. It will provide 1.5 million hectares in the Jurusa River Valley and the WTK will provide $100 million for a self-sustainable project. Asian lumber companies are eligible for fiscal incentives from the Amazon Region Development Superintendency, Sudam, and the Manaus Frec Trade Zone, Suframa. The Amazonas administration passed a law in January conditioning the granting of fiscal incentives to companies that comply with strict reforestation programs. Amazon Industrial Federation Chairman Jose Nasser revealed that the three Malaysian investments amount to $250 million. He said that although the investments are welcome, they are worrisome. "WTK alone intends to export 100 million of cubic meters of lumber next year," when Brazilian wood exports together do not surpass 250,000 cubic meters a year or 0.1 percent of the international market. The worrisome part is that the Malaysian companies are known to have exhausted the principal wood reserves in Asia. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 17 Mar 96 p 8)

Airplane Purchase Announced — Transbrasil Airlines president Omar Fontana has announced that his company will invest $2 billion in the purchase of 25 airplanes by 2000. Transbrasil is carrying out negotiations with Boeing, Airbus, and McDonnell Douglas. It will renew its fleet through purchase and leasing contracts. Fontana said he is inclined toward Boeing planes because of their relative low operational cost. Transbrasil will expand its routes to several Latin American countries. (Madrid EFE in Spanish 1638 GMT 16 Mar 96)

Study Shows Deficit of Public Companies — A National Bank for Economic and Social Development, BNDES, study shows public companies yielded an average deficit of 5.4 percent between 1988 and 1994, while the average profit of the 500 largest private companies during the same period was 7.6 percent. During that same period, the National Treasury hardly received 0.4 percent in dividends from the capital applied in those companies, which is much less than the 7 percent it would have received if the same resources had been applied in, for example, a savings pass book. The BNDES study shows the Brazilian administration would do good business if it privatized and used the resources to reduce the debt of these companies. The study shows that the Vale do Rio Doce Company, Petrobras (Brazilian Petroleum Corporation), Eletrobras (Brazilian Electric Power Company, Inc.), and Telebras (Brazilian Telecommunications, Inc.), yielded 3.5 percent profit between 1988 and 1994. A study on the relation

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between personnel expenses and investments shows personnel expenses remained stable in relation with the GDP. The relation was 0.47 percent between 1980 and 1983 and 1.04 percent between 1991 and 1994. This means personnel expenses surpassed investments. (Rio de Janeiro O GLOBO in Portuguese 18 Mar 96 p 16)

Fiscal, Monetary Issues

Bank of Brazil Losses Reported — The explosive combination of high interest rates, bad loans, and political interference has made the Bank of Brazil the leading bank in defaults. Operations that fell behind payment for more than 60 days and which are considered difficult to recover reached R20.2 billion in February. This includes $4 billion in loans not repaid for more than two years. Losses by portfolios are as follows: R9.1 billion in the rural portfolio; R9.3 billion in the commercial portfolio; and R1.6 billion in the exchange portfolio. Debts already incorporated to the Bank losses in the past few years total R4 billion. The loan-recovering goal for 1996 is between R8 billion and R10 billion. The debts recovered in 1995 total R4.6 billion renegotiated, and R1.1 billion recovered in cash. (Rio de Janeiro O GLOBO in Portuguese 17 Mar 96 p 42)

Privatization

Bank To Be Privatized — The Minas Gerais administration will sell another of its banks. The commitment to privatize the Minas Gerais State Bank, Bemge, is included in a contract signed last February between the Minas Gerais administration and the Federal Savings Bank by which the state received R190 million. The contract obliges the Minas Gerais administration, among 44 other clauses, to privatize the Bemge 360 days after selling the Credireal Bank. (Sao Paulo GAZETA MERCANTIL in Portuguese 13 Mar 96 p A1)

Chile

Chile: UK Control Over Fishing in South Georgias Rejected

PY2003025496 Madrid EFE in Spanish
2052 GMT 19 Mar 96

[FBIS Translated Excerpt] Santiago, 19 Mar (EFE) — The Argentine and Chilean Governments rejected today the control being exerted by the UK over international fishing in the sub-Antarctic waters around the South Georgia Islands.

This position was stated in a declaration made by the deputy foreign ministers of Chile and Argentina, Mariano Fernandez and Fernando Petrella respectively, who headed their respective delegations for a new round of the bilateral political consultations held every three months that concluded in Santiago today.

The meeting served to study the situation created by the imposition of tariffs and the repeated capture of Argentine and Chilean fishing ships by Great Britain in the waters surrounding the South Georgias Islands (near Malvinas), which are protected by the Convention on the Conservation of Antarctic Marine Living Resources, CCAMLR.

Mariano Fernandez read a joint declaration in this regard indicating that the two countries decided "not to recognize the powers of the UK to impose regulations and/or tariffs" in the territories under the jurisdiction of the CCAMLR.

The two countries reaffirmed that this intergovernmental organization is fully in force. It is an organization that watches over the conservation of the Antarctic marine resources as well as the rational use of fishing resources. Chile, Argentina, and the UK, among others, are members of this organization.

The declaration adds that Chile and Argentina plan to continue in the CCAMLR "in close cooperation with the purpose of carrying out international actions, which are necessary for the respect of the principles and regulations in force in the area of the convention." [passage omitted]

Chile: Free Trade To Be Discussed in Cartagena

PY1903221596 Madrid EFE in Spanish
1852 GMT 19 Mar 96

[FBIS Translated Text] Santiago, 19 Mar (EFE) — Chilean Foreign Minister Jose Miguel Insulza said today Chile hopes the Free Trade Association of the Americas will be created on the basis of agreements and commitments at the regional and subregional level.

During a news conference, Minister Insulza commented on the Chilean position regarding the second meeting of trade ministers of the continent that will begin on 20 March in Cartagena de Indias, Colombia.

Insulza pointed out that the Latin American integration process "is moving very fast" and that it would be a mistake for the hemispheric meeting "to start from scratch" on the integration issue.

He said: "The entire integration and economic complementation process must be taken into account when the free trade agreement for the Americas is drawn."

Insulza said it would be a mistake to try to gather agreements around a single organization like NAFTA.

He indicated that Chile is "very optimistic" regarding the general progress of the free trade and integration process of the hemisphere.

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Insulza said it would be "premature" to establish deadlines and that he is satisfied with the goal to establish the hemispheric free trade zone by the year 2005. He recalled that Chile is involved in multiple free trade negotiations.

He said that he will meet in Cartagena with counterparts from Mercosur [Common Market of the South], which is the trade bloc Chile is about to enter.

The formal negotiations for an association with the EU will also start in Brussels on 25 March.

Insulza added: "We have our hands full with negotiations and we are not in a great hurry to conclude any of them"

In addition of the meetings he will hold with his counterparts of Argentina, Brazil, Uruguay, and Paraguay, Insulza will also meet with U.S. Trade Representative Mickey Kantor and U.S. Commerce Secretary Ronald Brown.

Insulza will also meet with recently appointed Canadian International Trade Minister Arthur Eggleton.

Chile: Agreement on Agriculture Said 'Irreversible'

PY2003022296 Madrid EFE in Spanish 1802 GMT 19 Mar 96

[FBIS Translated Text] Santiago, 19 Mar (EFE) — The Chilean Government reiterated today that the agricultural agreement reached in the negotiations with Mercosur [Common Market of the South] is irreversible. In the meantime, agricultural producers began to adopt concrete measures in opposition to the inclusion of this sector in the future free trade zone.

"This agreement has already been reached and there is no reason for change," said Carlos Mladinic, chief of the Chilean negotiating team, who also accused the farmers of suffering from "collective masochism."

Mladinic added: "They don't realize that including exemptions would mean that the national production of wine, fruits or paper would not be liberalized to enter Mercosur countries." Mladinic said that those who criticize "should clearly understand that we did not give something for free."

During the latest round of negotiations held in Buenos Aires last week, Chile was flexible on its position on the agricultural sector. Therefore, an agreement was reached for a gradual reduction of tariffs at a slower rhythm than the other trade products, and some of the terms go up to 18 years for some products.

The agreement was categorically rejected by the farmers and by the political right, which believe that the area of annual crops (wheat, rice, and corn) and meat should not be included in the agreement because it will mean "the extinction of the sector."

Ernesto Correa, president of the powerful National Agricultural Association (SNA), announced as the first concrete measure against the agreement that his organization will not join the business delegation going with President Eduardo Frei who will make a state visit to Brazil from 25 to 28 March.

Although Correa admitted that "it is almost impossible" to revert the agreement, he noted that no one can prevent the SNA its right to disagree. He reiterated that the agreement is "a virtual death sentence" for the agricultural sector, which gives life to 2 million Chileans.

According to Correa, the agricultural sector is not in condition for modernization or to become competitive because due to the nature of the country, "production costs are very high" in comparison to Argentina or Brazil.

Foreign Minister Jose Miguel Insulza, who came out in Mladinic's support, insisted that in general terms, the agreement "is extremely beneficial" for Chile because he said that in 1995, the Chilean trade with Mercosur countries reached $5 billion, and that regarding Brazil alone, Chilean exports increased by $500 million.

Economy Minister Alvaro Garcia said today that the government promised to implement a national policy to achieve, in the 18 years established for the gradual tariff reduction, a complete transformation of Chilean agriculture toward agro-industry.

Garcia also said that "it is not the entire agriculture" in jeopardy but only the sector of annual crops. He pointed out that the medium and small farms will get the most benefits from the transformation policy.

Deputy Camilo Escalona, head of the Socialist Party (PS), which is in the government coalition, told EFE that the PS supports the agreement saying it is "an important step toward the integration with the neighboring countries."

Escalona, who called for an "efficient state policy for solving the problems of the sectors affected by the agreement," disregarded the arguments of the farmers for being "irrelevant."

Jorge Schaulsohn, president of the center-left Party for Democracy (PPD), also called for an efficient transformation policy. He told EFE that the government "will not look the other way and leave agriculture to its own fate."

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Foreign Minister Insulza will leave for Cartagena (Colombia) today to attend the trade summit of the Americas and he confirmed that he will take advantage of the meeting to study with his counterparts of Mercosur the negotiations "as a whole." He reiterated there will be no step back on the agricultural issue.

Argentine Deputy Foreign Minister Fernando Petrella, who is paying an official visit to Chile, noted today the possibility that the ministers meeting in Colombia may become "the highest political level" for resolving the points that are still pending for a solution in the negotiations for Chile to join Mercosur.

Chile: RN Hard-Liners Turn Down Constitutional Reforms

PY1903184296 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 19 Mar 96

[Passages in quotation marks recorded; speakers identified by caption]

[FBIS Translated Text] The Coalition of Parties for Democracy [CPPD] today blamed [Army Commander General Augusto] Pinochet for the decision of the so-called hard-liner senators of the National Renewal Party [RN] to reject the constitutional reforms. The hard-liners were harshly criticized for their opposition.

The media today focused its attention on RN, whose chairman made a scene after a group of RN senators rejected the idea of discussing the constitutional reforms in Congress.

[RN Chairman Andres Allamand] "What the authoritarian rightist sector in Chile is doing is preventing a constitutional consensus, determined that the political debate during the next elections will be focused precisely on this subject, and this will definitively condemn the country to permanent institutional instability."

The government used almost the same language.

[Jose Joaquin Brunner, minister secretary general of government] "These extremist sectors abuse a position that does not enjoy the support of the great majority."

The CPPD proposed submitting a new constitutional reform bill to the Chamber of Deputies if it is rejected by the Senate, something for which it blamed Pinochet.

[Socialist Party Chairman Camilo Escalona] "This shows that it still has the capacity to intervene in the national scenario, preventing the state of law of [words indistinct] its authority."

[Party for Democracy Chairman Jorge Schaulsohn] "What is quite clear within RN is that Pinochet enjoys more power than Allamand, the party leadership and its political commission."

The leader of the so-called hard-line faction, Sergio Onofre Jarpa, refuted these statements:

"The representatives of the governing parties give their opinion about a commitment they say Allamand undertook, and about what the RN and RN legislators should or not do. Therefore, if Gen. Pinochet had said that the Constitution does not serve its purpose, these comments would be absolutely legitimate, fair, and true, but he has not made any comments. So what great power are they talking about — none."

At any rate, the new Senate chairman [Sergio Diez] voiced his hopes that a division within RN will not take place:

"All I can do is wish for the best and pray to God there will be no division."

The new Senate leadership today had lunch with the president of the Republic. The former members of the Senate leadership also attended the event.

Chile: RN Study on Elections With Divided Right

96SM0126A Santiago EL MERCURIO in Spanish 18 Feb 96 p C3

[FBIS Translated Text] In another move designed to persuade the UDI [Independent Democratic Union] of the need to form a center-right alliance for the coming elections, National Renewal (RN) yesterday made public a study that predicts a drastic decline in opposition deputies if the two parties run separately in the 1997 congressional elections.

Based on the results of a simulated election conducted by the Freedom Institute, a branch of RN, if the opposition does not unite, its current bloc of 50 deputies will shrink to 25 while the Coalition will see its current 70 deputies increase to 95.

A few days ago the main rightist party publicized another such study predicting that the number of mayoralties that RN and the UDI would be in a position to vie for would decrease appreciably if they were to run separately in the municipal elections this October.

The document explained that a united center-right could vie for the offices of mayor in 288 municipalities around the country, whereas a divided center-right would be a factor in only 106. RN is ahead in the polls in 84 of these 106, the UDI in 16, and the UCCI [expansion not given] in six.

These gloomy forecasts are part of an active campaign that RN has begun to convince the UDI of the need

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to forge a campaign pact that will enable them to meet successfully electoral challenges, in spite of their current feud over constitutional reforms.

These exhortations by the party that Andres Allamand heads have met with steadfast opposition from the UDI. This party has emphatically stated that it is not interested in a mere electoral alliance with RN and has made any chance of reviving the Union for Chile pact dependent on RN's rejection of the draft constitutional reforms being discussed in the Senate.

In making public the study by the Freedom Institute, the acting secretary general of RN, Marcos Rivera, stated that "the UDI's intransigent position" of subordinating a pact to a categorical, total rejection of any amendment to the Constitution represents a grave threat to the future of the center-right.

Riveros asserted that the stand taken by the party that Jovino Novoa heads will lead in the immediate future to "double political suicide": first at the municipal level and then at the congressional level.

He warned that the sort of electoral catastrophe that would take place with a divided opposition would prevent it from constituting the voting blocs it would need to halt demagogic judicial initiatives and thus prevent the Constitution from being mangled. "Under such circumstances the institutional balance would be shattered, and the opposition would wind up playing little more than an ornamental role in lawmaking," he indicated.

In addition to reiterating the appeals for unity, the party leader warned that if a rightist electoral pact is not formed, each of its constituents will have to take responsibility for the future of political and institutional stability.

Riveros asserted that his party has set a timetable, starting with Deputy Luis Valentin Ferrada's constitutional proposal, for moving forward on an internal accord and later hammering out a broad understanding with its allies in the Union for Chile.

He stressed that the best way to defend the principles and values of the center-right is to secure strong congressional and municipal representation.

Freedom Institute researcher Felipe Guevara argued that the strategy that RN is pursuing to win the political center is viable and he rejected Jovino Novoa's idea of possibly making inroads in lower-income strata.

Guevara contended that RN has practically twice as many congressional representatives from the country's poorest communities as the UDI does.

Chile: More Regulation of Isapres Proposed

96SM0126B Santiago EL MERCURIO in Spanish 22 Feb 96 pp A1, A9

[FBIS Translated Text] The administration yesterday called for stricter oversight by watchdog agencies of the prices that the Isapres [Institutes of Preventive Health Care] charge their members. Although the market regulates them in a way, it is not enough, and close supervision is required since these are obligatory payments by individuals.

Health Minister Carlos Massad clarified that this proposal does not mean price controls or regulations and that we are "a long way" from such a possibility.

Such potentially stricter oversight of pricing was flatly rejected by the president of the Association of Preventive Health Care Institutions, Rafael Caviedes, who described it as "disastrous" for the system. He recalled that the system is highly competitive and "not oligopolistic as has been claimed, and this translates into a wide range of options for members."

He also emphasized that an entire system cannot be brought into question just because during a given period 50 complaints are filed out of more than 1.8 million contracts.

"We find it altogether inappropriate for the state to endeavor to regulate the criteria for price adjustments under the system. If this idea continues to be pushed, perhaps it would be best for the state to take complete responsibility for the health care of Chileans, inasmuch as issues this important cannot be left to decisions by the bureaucracy. In this case, what will be achieved is the destruction of the system," he indicated.

The differences between the sides involved in the issue again became obvious yesterday. While Massad denied that the increases in health-care plans were due to higher costs brought on by the new Isapres Law (the argument advanced by the institutions), the association reaffirmed its criticism of the context in which they are operating.

The current framework was described as "far from clear" and as thwarting the development of private health care in the country.

According to the association's president, Rafael Caviedes, such instability has created a "vicious circle" in which the institutions dare not invest in new solutions for their beneficiaries while the various opinion groups intensify their criticism.

Health Minister Carlos Massad also categorically ruled out the possibility of establishing a demand subsidy and of encouraging the National Health Fund (Fonasa) to

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become a state-run Isapre. This latter proposal entails the risk that the current arrangement might lose its solidarity-based character.

The controversy, which touches 27 percent of the country's total population (the official number of members of the 30 existing private groups), was revived last Friday when the Santiago Regional Council of the Medical Association released information on program price hikes that it described as "inordinate."

It also projected what members would have to pay in the future to remain in the system. These charges, it underscored, will become unaffordable, thus forcing the elderly to return to Fonasa.

It mentioned on this specific point that the Health Ministry is currently seeking to develop arrangements to address the future problem posed by the elderly, as "the private system has not made enough progress by creating market instruments, and as there is proof that the market is not resolving all problems," it remarked.

The medical association, meanwhile, reaffirmed its position. The day before yesterday it submitted to the superintendent of Preventive Health Care Institutions, Maria Elena Etcheberry, the data supporting its assertions, including specific examples of Isapres that have ordered excessive increases. The oversight agency will analyze these data.

It indicated, in any event, that the calculations are "mathematically correct," a view that the health minister backed yesterday.

In this regard, Rafael Caviedes asserted that the physicians' projections are based on preposterous mathematical calculations, inasmuch as in 40 years, the time period that the Medical Association used in its study, technology will have advanced, thus lowering health care costs, and the epidemiological profile of the population will be different.

One of the reasons the Isapres cited for raising the cost of the plans is the outlays entailed by the obligation to open checking accounts for the members who run surpluses. To this can be added the legally required coverage of pre-existing conditions, defined as ailments that a beneficiary has before joining the system.

The Superintendent's Office has voiced public disagreement with the assertion about the checking accounts, arguing that they are financed out of the maintenance charges that the members pay.

Economists consulted about the issue, meanwhile, asserted yesterday that government monitoring of the prices that the Isapres charge does not need to be tightened. One of them, the executive director of the Freedom and Development Institute, Cristian Larroulet, argued that competition provides a well-delivered service at minimum cost.

Alejandro Fernandez, a professional economist with the Gemines consulting firm, said that the public health system has not proven to be efficient when funds have been appropriated to it, as "they have wound up in the pockets of the physicians."

Social Conscience

Minister Massad let it be known that in the cases in which customers have reported abuses the Superintendent's Office is going to exercise its legal authority to act as an arbiter and issue a ruling. The institutions that are affected by the oversight agency's ruling have recourse to the appropriate Court of Appeals.

He insisted that the Isapres must justify their price hikes, adding that this is an issue that he would describe as one of "social conscience."

"People cannot be afraid of having prices boosted on them arbitrarily when a matter of public health is involved," he stated, indicating that neither is it reasonable for people not to know how much longer they can remain in the system.

Demand Subsidy

The Association of Isapres has proposed that one way to resolve the crisis in health care is to grant a subsidy to low-income people; this would enable them to choose a preventive health-care institution, would make it easier for beneficiaries to shift to the private sector, and would concentrate government funding on the extremely poor.

Questioned about this suggestion, Minister Massad rejected it yesterday, indicating that "this is not the path we are moving forward along." A large number of low-income workers are receiving subsidies today in an amount equal to two percent of their taxable earnings, he recalled, adding that some politicians have criticized such government assistance.

"We are not in a position to think about a subsidy for demand now because our level of revenues from and expenditures on health care are very low, and as a result such a subsidy would be infinitesimal compared to people's needs, which we can address only in part at present," he clarified.

Concern Among Isapres

In a study on the issue the president of the Association of Isapres, Rafael Caviedes, has indicated that there is a consensus in Chile about the use of the social market

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economy as a tool for achieving sustained development. Nevertheless, certain sectors, for ideological rather than technical reasons, are afraid of giving a larger role to private institutions in the management of health-care systems.

At a press conference yesterday he called on the authorities to "take seriously" the concern among Isapres, which feel their role in the country's health-care model is under attack.

The climate of uncertainty has gone beyond the nation's borders, in the association's judgment. It says that several foreign delegations that have visited the country, while acknowledging the validity of the private system, have noted that they do not wish to invest in this sector of the economy.

In keeping with such caution, several Chilean institutions have diverted their investments into other markets. Colmena and Vida Tres acquired 95 percent of a private clinic in Argentina. Colmena also owns half of a private medical-care company in Mexico. The general manager of the Cruz Blanca Isapre, Raul Valenzuela, stated last January that no industry can progress if it has to deal with ongoing changes in the law.

Further evidence of this attitude is the fact that Consalud has suspended its $1.3 billion investment program for 1996-97, in light of what it has termed the unstable conditions in which companies are forced to operate.

Opinion of Economists

In the meantime, Cristian Larroulet, the executive director of the Freedom and Development Institute, expressed opposition to the monitoring of the prices that the Isapres charge. He asserted that international experience shows that when the state involves itself in competitive markets, it tends to favor certain interest groups while harming the users of the system, especially the weakest among them.

The Isapres do a better job delivering services than the public health system, which is run directly by the Health Ministry, he indicated. This can be seen in how long people have to wait and in the poor quality of services.

Government oversight should focus on the public system, because the Isapres require less regulation. "I think that there should be more competition in pricing," he stated.

Alejandro Fernandez, the economist for the Gemines consulting firm, discussed the purchase of health-care plans, stating that the members pay for them and should not be forced to incur additional costs to obtain better quality service.

He asserted that the Isapres have indeed seen their costs rise owing to the implementation of the law and described the Medical Association's criticisms as "unjustified."

Colombia

Colombia: Foreign Minister on Temporary Withdrawal

PA2003021896 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2300 GMT 19 Mar 96

[Communique issued by Foreign Minister Rodrigo Pardo Garcia-Pena in Santa Fe de Bogota on 19 March; from the "RCN Radio Events" newscast — read by announcer]

[FBIS Translated Text] I inform the public that starting today, I will temporarily separate myself from the activities at the Foreign Ministry while the Prosecutor General's Office defines my legal status.

The decision seeks to avoid at all costs my personal situation interfering in the normal activities at the Foreign Ministry.

The decision is also due to my need to have sufficient time to properly prepare for the inquiry I will undergo on 28 March.

I will use the vacation time I have accumulated and Deputy Foreign Minister Camilo Reyes will replace me by taking over the duties at the Foreign Ministry.

Depending on the Prosecutor General Office's decision on my case, about 8 April I will adopt a definite decision on my permanence or retirement from the Foreign Ministry.

[Signed] Rodrigo Pardo Garcia-Pena

[Dated] Santa Fe de Bogota, 19 March 1996

Colombia: Armed Forces Commander Interviewed

PA1803214296 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1730 GMT 17 Mar 96

[Telephone interview with Armed Forces Commander Admiral Holdan Delgado Villamil by unidentified reporters, place not given; from the "Personality of the Week" program — in progress]

[FBIS Translated Excerpt] [Reporter] ...is the new commander of the Armed Forces. We are speaking of Admiral Holdan Delgado Villamil, a military officer, who like other military leaders, has made in-depth studies of the country's general situation — political, social, economic, and so forth. His appointment was a

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surprise because traditionally, this post has always gone to an Army general. But the admiral has made the same high-level studies in the same Superior War College on strategies to face subversion and to lead the country's armed corps, except that he carried out his mission in a different military front — the Navy — with the same ranks and the same responsibilities. It is a different style, similar to the different styles all men have to govern or to lead a country, but with the same responsibilities and the same knowledge. He is a man trained with the same traditional military discipline, even though one does not notice a tough voice of command. Instead, one notices a great human condition and a style that is obviously different from the traditional way, but without losing his military outlook. Mr. Admiral, tomorrow you assume the post. How do you feel? What do you say to your people?

[Delgado] Right now I feel that I have to assume a big responsibility and I believe this great responsibility is ensuring that operations attain three real and tangible successes: to truly reduce subversion, drug trafficking, and organized crime, which is what corresponds to the military forces. The message to my people is that they accompany me in this endeavor, because it is with their support and work that we can achieve this.

[Reporter] Mr. Admiral, let us tell Colombians in general, who is the new Armed Forces commander and how does a sailor reach this high position?

[Delgado] I believe that getting to this position [passage indistinct] ...General Camilo Zuniga, after he retired, which he requested to dedicate time to his private activities. The National Government, headed by the president and the minister of defense, considered my name for this post, which as I have already said, is not only a distinction, but a great responsibility that has to be faced with a great vision of really doing things to comply with all the people, the entire country. I believe we should not live with fears and outlaws or permit this to grow. I believe that we must continue with much strength, such as we have been doing, and innovate certain operations, certain tactical systems, to attain new results and prevent these people from becoming involved in extortion, kidnaps, and so many different criminal activities. This affects the peaceful life that we should have in Colombia, which so many countries, even Latin American countries, enjoy. [words indistinct] [passage omitted]

[Reporter] There were rumors during the past few days about General Zuniga's possible retirement, and you were mentioned as his possible replacement as commander of the Armed Forces. Did you expect the president to appoint you?

[Delgado] Well, logically we all have expectations and aspirations. Of course, I heard the rumors that were circulating in the media. Gen. Zuniga and I were in the same class, and he is also a good friend of mine. Ever since we met, we have developed a good friendship and we get along fine. I did not expect him to retire, because he has been an excellent commander for all of us. When he made the decision, however, I saw the possibility of me being appointed, but I did not give it much thought. I do not believe in entertaining false hopes, but in being objective and accepting reality. The opportunity came. These are opportunities that present themselves, which destiny places on one's path, so we can do more for our homeland, for the entire country. I believe that we must work hard and do our best. In my case, I will do everything in my power, I will put to work everything I have learned in the institution, through courses, as a teacher, and the experience I have gained, as well as my excellent relations with Army, Air Force, and Navy officers in order to create a great team. We must earn the people's confidence and support in order to defeat or try to make the subversive groups stop their actions, and to control crime, so we can live a peaceful life in Colombia. [passage omitted]

[Reporter] Allow me to go into a more serious matter. Last Thursday, the country was shock once again by another guerrilla action: the death of humble policemen. How did you receive those news a few hours after assuming your post?

[Delgado] It was terrible. Last night I spoke with the commander. They were ambushed near Sucre; they were policemen who were assigned to Chalan. They were brutally massacred. There was another case in Los Llanos. This is part of a terrorist wave linked to their objectives: sowing terror, holding up banks, a combination of common crime and terrorism. You know what happened in Florida. I believe that institutions that are looking at Colombia to determine who violates human rights and international humanitarian laws should be aware of these demonstrations of violence. That is their duty. Our duty is taking care of our people, by neutralizing them [the guerrillas]. They periodically — every now and then — increase their actions in various parts of the country, as a propaganda ploy to give the impression of force. However, as our people realize that they are being attacked and that their lives are in danger, that their policemen are being killed — as the recent sad cases — I believe that they will feel closer to the Armed Forces. That identification with the Armed Forces and the police will give all Colombians more security.

We can control this type of criminal, and we can do it much more easily in this manner. If they wish to continue conducting themselves as criminals, detected

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while changing uniforms and the authority is promptly alerted, then it will be much easier to either wipe out or capture them and turn them over to the judges. [words indistinct]. No country can claim to have sufficient resources to deal with this type of criminal.

[Reporter] Not long ago you proposed the restructure of current strategies. Commander, why not do it once and for all considering that much of what has so far been done has been ineffective?

[Delgado] Well, I would not say that much of what has been done has proven ineffective. There have been many regions where we have been able to obtain excellent results. Concrete results that can be shown have been obtained by the Army and the police in many areas of the country. I believe that the strategies, the organization behind the struggle, the mechanism, and intelligence gathering operations must be analyzed by the Armed Forces leadership and is either adapted, or a recommendation is made to follow other tactics. What were speaking about is something more dynamic. It is not that we are going to be changing it all the time. Whether changes are implemented or not depends on the performance of each region's military commander, division commanders, brigade commanders, each department's police unit and naval forces. They are all capable officers and believe me when I say that they are all committed to this task. They are all involved in rapidly evaluating and neutralizing... [pauses] Had it not been for the military forces, the escalation would have been far worse and the population would then be tremendously affected. It is precisely because of the presence and control implemented by the military forces that many events have been prevented. Whenever something does go wrong, then I believe we should carefully analyze what went wrong, where teamwork broke down, where the commitment to the alternate plan failed. We contact these military department commanders, we explain things to them, we draw closer to them, and we request them to keep us informed of the situation in order to prevent any more unfortunate events.

[Reporter] What was the objective of these subversive groups when they attacked Chalan and killed 11 policemen, when they attacked Labranzagrande and killed 13 Army members, and when they attacked Florida in full daylight? Was this not a challenge to security measures?

[Delgado] This was indeed a challenge. The saying goes: you reap what you sow. It is better for them to [word indistinct] to peace and to not continue hurting people. [Words indistinct] a great spirit. Believe me: results will be and should be seen because all officers of all levels as well as noncommissioned officers are working for this purpose.

[Reporter] How may we understand the fact that the FARC [Revolutionary Armed Forces of Colombia], through the Costa Rican foreign relations minister, has recently expressed their desire to talk with the Colombian Government while they are making such harsh attacks?

[Delgado] Who knows what groups are involved. [Words indistinct] a political matter. The government should see to this. I am confident that it will do so. However, the FARC do not have ideological coherence. They have political banners among others. Therefore, we would have to see what sort of group it is, what [word indistinct] this subversion refers to, or if it is the same one? I cannot tell you anything because I have not read much in this regard. [Words indistinct] the government has ordered a review to make the necessary recommendations.

[Reporter] Is it worthwhile under these circumstances to resume peace talks when subversive organizations lack political resolve?

[Delgado] Only the government, which directs state politics, is entitled to decide in this regard. It is not fitting for me to do so. My sole responsibility is to continue working with our people with full determination to reevaluate what we are doing and improve results.

[Reporter] Will the military forces fully respond to this attack?

[Delgado] It is logical. It is our duty. We are and continue responding from the very beginning of these events.

[Reporter] What should we do with the police that have had the most setbacks? Do they lack additional strategies?

[Delgado] No, we should reevaluate what happened, where it happened, and improve matters of coordination maybe, or military troops, or equipment. Everything should have an explanation. The criminals involved in these cases of terrorism were apparently doped because of the way in which they took away some rifles from the policemen and viciously killed them in Chalan. There is no other possible explanation.

[Reporter] Only a few months ago, Colombia signed Protocol II on the humanization of war, but what response did country get? This one. What is your opinion?

[Delgado] It is just the opposite of what we thought. They had been making a big fuss, saying Colombia would not sign Protocol II and so on. That is strange

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because they had been making this and many other demands. They go there, they sign agreements, new objectives are reached, but they continue doing as they please as if nothing happened. They are not very serious about these things.

[Reporter] What should the people's reaction be when confronted with subversive elements?

[Delgado] I have always said that you can always find individuals everywhere checking on what is going on or what will be going on. These are the kind of people we need in every corner of the country because they can tell the authorities about any criminal activity of this kind. These criminals are attacking people, young people, leaving widows behind, and leaving many dead people behind. We must think about that. I have a message for everyone. I am always telling people about this because it is true. The more the Colombian people support their military forces in the search for peace against their enemies, who are the subversives, the guerrillas, and organized crime, the quicker we will be able to arrest these criminals and we will be able to live in peace. It is not a matter of deploying policemen here and there because these criminals hide themselves among the population. They do not wear uniforms, they are difficult to distinguish. They do not show their faces. All they do is stage ambushes and then escape. It is absolutely indispensable and necessary to have the population's support. We need the people to provide us with timely information and to point out the true enemies of this society.

[Reporter] How do you view the public order situation in general? There had been a type of silence, but suddenly we are caught up in this wave of violence.

[Delgado] The wave of violence emerged because of the support they receive from those who give them money and from those who pay them protection money. The more resources they are able to get, the more difficult it will be to defeat these people because they see it as a profitable activity. A book has recently been published on the financial resources of the subversive groups. The book explains this. Remember the excellent blow dealt to the rebels by the Army in Caqueta. The whole thing was explained to the country by General Harold Bedoya and his people and I believe it should have greater publicity. You can see how these rebels are operating, just like a drug cartel. They are involved in the drug-trafficking business. They are trying to get peasants to change their crops and their ways of cultivating the soil. They are getting peasants to change their legal crops to plant coca and poppy. I believe that if these activities are not stopped, the fight will be prolonged, there will be more deaths, and there will be more pain and suffering in the country. We have to stop these activities.

[Reporter] Does the alliance between the drug traffickers and the guerrillas continue?

[Delgado] That is evident. It has been proven. If they were not in the drug business, I doubt they would be anywhere. The actions they carry out to strip policemen and soldiers of their weapons such as ambushes is mere publicity, to show that they are present, and to show that they have control of a certain region, but this is not true. We are talking about criminals who do not show their faces and who carry out their activities in the dark, in the shadows.

[Reporter] The military forces are in condition to face these attacks, both from the drug traffickers as well as from the guerrillas?

[Delgado] Certainly. If this were not the case, we would not have the total control and sovereignty in the entire Colombian territory, both on land, river, and maritime areas. We are talking about huge areas. The will to comply with our duty, our presence, the control, the permanent surveillance of the territory is what guarantees Colombia that it can continue to exist. To defeat them, we need the support of the Colombian people. If we do this, the country will make greater progress, we will have a higher standard of living, the country would have more industries, there would be more investments, and we would no longer be made fun of abroad by people who think everyone here is a criminal. It is just the opposite. This is a great country and despite the problems, it is making progress. What would the country be if we were able to resolve these problems?

[Reporter] As for the border problems between Colombia and Venezuela, an operation has been implemented to prevent guerrillas from crossing the border and to prevent incidents from occurring. How do you view these joint actions with our neighbor?

[Delgado] We have excellent relations with the Venezuelan Armed Forces. We have relations of companionship, friendship, and understanding. The border is extremely long. There is no border in the world that can be closely protected by military detachments for every single kilometer. These people in the guerrilla and drug trafficking business are logically trying to create frictions at the border, which by the way receive a great deal of publicity, with the purpose of getting the forces looking for them inside the country to be deployed to the border regions to prevent them from crossing it. Believe me, the commitment of the Colombian Armed Forces is to get this under control.

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There can be friction and there can be people crossing the border. If they can break into someone's home here in Santa Fe de Bogota, they can certainly cross the border, which is so long. The Unified Eastern Command [Comando Unificado del Oriente] will be strengthened and I believe it will be successful. It will help these regions make greater progress.

[Reporter] As for the Navy, do we have the necessary ships to protect our borders? Can we do it or not?

[Delgado] We have the minimum necessary. We have surface vessels, corvettes, a few patrol boats, and submarines. They are being used the best way possible. There are greater requirements to protect our maritime and fishing areas to protect fishermen and to guarantee greater levels of security for human life at sea. Logically, to protect Colombia's resources and interests at sea we will need more and more. What happens is that we cannot avail ourselves of these resources even though they are quite durable. A ship may well last some 20 or 25 years. It is money the country must spend. Colombia is not a rich country. It is a country that has its resources and little by little it has been developing itself based on the work done by its population, which is Colombia's real capital. The more resources the country and the government can allocate for these purposes, the more we can implement these necessary surveillance programs.

[Reporter] Bearing in mind the Navy's small budget, have you thought — without thinking about an arms buildup — about purchasing new ships?

[Delgado] What we need are more patrol boats. We need patrol boats that can sail the high seas in order to cover a greater maritime area. This is no arms buildup. We fulfill missions such as the fight against contraband and illegal immigration. We also work to prevent damage to the ocean environment. We fight drug trafficking and weapons smuggling.

[Reporter] As for the other forces for which you will have to respond now, what do you need?

[Delgado] I believe we all need equipment. Logically, we will require a greater budget, which we have already submitted to the government. The budget we submitted keeps in mind the country's possibilities. I am not going to excuse anyone or attack anyone because it is not up to me to do it. I believe more equipment is required. We need more equipment to face sensitive situations, situations of greater friction, greater subversion and crime. We need more resources. What Colombia invests in matters of security is much lower than what is spent in other countries, but our government must also satisfy the needs of the population, making sure they have jobs that can help them cover their basic needs. It is, therefore, a matter of reaching an balance between what you have for surveillance operations and what you have for the development of jobs and industries, as well as for the intellectual development of the people so that the kids that are coming up today can be better prepared for the future. We have needs and we are submitting them to the government. This is a constant thing and the government is understanding our needs and is taking action as resources allow. There is no secret here. We simply say: This is going on, we need this equipment, and they take care of you the best they can depending on their knowledge and resources.

[Reporter] How do you expect your job will be as the commander of the military forces having to work with the defense minister, with whom you have an excellent relationship.

[Delgado] We all have excellent relations with the defense minister. The defense minister is basically more a political than a military appointment. The government has a direct relation with him, and he essentially has to handle the administrative side. He has to seek resources, and so forth. He is an excellent lawyer. He has a good team. I think we support, we must support, we support our government, of course, our minister, and so forth, and all the forces. In this post — and this is something I have always felt — in the post of the Army comrade, the Air Force comrade, and the policeman in the areas that they have been assigned to protect and control; one is always attentive, present, and cooperates whenever the opportunity arises. Therefore, this is a great team.

[Reporter] How do you view the human rights situation right now? The latest report by the U.S. Department of State said that human rights violations continue. Eight days ago, in the Person of the Week program, in this same program, Justice Minister Carlos Eduardo Medellin told me: the situation is very complex, and it continues. You cannot put the blame solely on the government. Blame needs to be placed on subversives who are responsible for kidnappings, and human rights violations in general. How do you feel about this now?

[Delgado] We must attain a level of civilization in which people are respected. We in the Armed Forces actually constitute an example, and, please excuse me, but that is how it is. The much vaunted international charges seek to attack us and are often part of the psychological warfare to bring our morale down or hurt people. The enemy also does this, as a way to fight us. We are, therefore, highly aware of this matter. This is not found in all of our regulations, doctrines, and tactics that are designed, [sentence as heard], as they exist simply to protect people and watch over their welfare and their

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lives. This is not to [words indistinct], but quite the opposite. We are the guarantors of all of this, and that is why we care. Often, there is a great deal of propaganda. Viewing the Armed Forces as part of the conflict simply constitutes an ambush or direct attack. Let us be clear about this. We have the awareness of culture, and we are advancing toward that end. Human rights offices have been opened and are being managed by people who are proficient in this field. Whenever a case arises, since we do not have angels, we must rely on regulations and that is what the Military Penal Justice Code is for. I think that we must progress with regard to what is happening on the national level. We cannot permit people to enrich themselves overnight by running drugs, or allow that the lives, welfare, and property of individuals are hurt. We must lower the crime rate, and as we acquire a higher level of culture, as more people go to school, and most of all, as people can meet their needs more easily through their work, this rate has to go down. We cannot continue to be demonized from abroad over this issue. There are many areas and countries in which not even the press, which claims to be free, reports things that may ruin the prestige of the country.

If an incredible massacre is perpetrated somewhere else in the world, we seek the means to show that we have done worse. No! We must seek the contrary to maintain our prestige and hold our heads up high with regard to the world. We must continue on that path. The authorities at all levels — and the private sector also — are watching over this. There are events and circumstances, and we feel the scourge of this violence, but this is something we must overcome.

[Reporter] How did you react to the U.S. decertification, in view of the huge sacrifice that the Colombian Armed Forces have made to fight this crime?

[Delgado] With a great deal of sadness, a great deal of sadness [repeats himself]. I did not... [pauses] this is an international relations matter that the president, the defense minister, the foreign relations minister have handled very well, and I must not take sides, because it does not fall within my purview. I can assure you, however, that all our people are committed to eradicating all kinds of criminals, neutralizing them, so they must respond before a judge for what they have done. In this respect, I think we also must cooperate. Because someone else tells us that we are good or bad.... [pauses] We must not work toward that goal, but work instead for us and conduct these operations with our forces and personnel.

If farmers are replacing rice crops with illicit crops, we must not let that happen. We are the ones in charge of getting rid of that. We cannot allow something like this to hurt other countries, with people engaging in illicit commerce and this kind of criminal activity. In this country, I think we agree that this is a scourge that we must fight. This is an activity that criminals, not the people of Colombia, conduct. Those criminals are few. We have a population of 38 million. And, how many engage in crime and violence. How many holdups take place? How many people are killed? How many widows are there? The percentages show that we have the highest rate in the world. I wish all the figures of the world were shown. It is not that I am seeking an excuse or justifying it in any way.

Our concern is fighting this as any other crime, because it is our duty and because we want to live in a country with decent and honorable people.

[Reporter] Our listeners are probably wondering if Adm. Delgado has ever been in the war front. We normally see army officers going to the combat or guerrilla zones. How much do you know about that?

[Delgado] I have been actively involved in actions related to public order for as long as I can remember. We have dealt with guerrilla activities for over 40 years. The Navy has always been present in the areas under our responsibility. Logically, we are more familiar with areas under our jurisdiction, particularly the departments near the Pacific Coast [words indistinct] public order in the central and northern part of Bolivar and Sucre, and Cordoba municipality, by land [words indistinct] The Magdalena River is open not because the others want it to be open. The Magdalena River is open for navigation even though there are frequent attacks on tugboats. This is an effort by the Navy. You should see the number of oil barrels and hydrocarbons that are transported through the Magdalena River. That is tangible evidence. We also protect strategic areas. Those areas include Covenas, from where almost all of Colombia's oil is exported; Uraba, from where almost all our bananas are exported; and Buenaventura, one of the country's largest ports.

[Reporter] Your men have also fought the guerrillas.

[Delgado] Yes, and logically we have lost men. It is always sad to remember them. We have had casualties caused by the guerrillas [words indistinct] a battalion. The fact that we are saddened by those losses should encourage us to continue fighting. The attacks on the Navy by subversive groups, drug traffickers, or the guerrillas, as they are called, are not surprising. The Navy is fighting hand in hand with all the military forces. Some people believe that the Navy is somewhere out there at sea. That is only one part of our work. We have a broad jurisdiction in the Caribbean area, as well as on the Pacific Coast. We must prevent arms smuggling, contraband, the entrance of illegal immigrants; we must stop

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criminals and pirates. All those actions are part of our struggle against subversion. Speaking of ports, Cartegena is perhaps the country's largest [word indistinct] center, politically, economically, and socially. There is a very efficient port there. There is a large industrial area in Mamonal. There is also a large tourist area, and very important people constantly travel there. We are responsible for their security. There is cattle in central and northern Bolivar and in Sucre. I can assure you that we are present where we are needed, that we are struggling against subversive groups, and that we are doing whatever is necessary to reduce the damage they cause to society, together with the army, the air force, and the police.

[Reporter] Will you, a proud marine dressed in his black uniform, white shirt, and black tie, be seen one day wearing camouflage uniforms — which you probably have already done, and will you go to the combat zones accompanying the army commander? Can you send a message to the guerrillas from here telling them that as a military officer and strategist you are also ready to continue the struggle?

[Delgado] That's logical. It will not be the first time. In fact, last year I wore Gen. Zuniga's complete camouflage uniform. We wear that uniform when necessary in some areas where we go. It is not a formal uniform. That is how it is. I believe I have a good rapport with all the officers. I have been in several places with them accompanying them during their visits.

[Reporter] Is the Navy man prepared and trained to go into a combat zone?

[Delgado] I must be. I have been there. I have had the opportunity to greet him, especially (?when I was in) the Navy command, accompanying the general commander or the minister in many areas where there are problems, and public order is very strong [as heard].

[Reporter] Any warning to subversive elements in Colombia?

[Delgado] Not a warning but an appeal to devote ourselves to make country grow, to make it more livable so that people can live in peace. This life is very short and we cannot affect the lives of others. If we respect each other, we will all live better. All of us have a role in society, and there is no reason to move away from society's social organization to lead a life that only brings sorrow and tears. I think that is my message: Go back to your homes, continue raising your families. As they do this, there will be more resources to invest and generate jobs, and the country will be much better. There is nothing to be attained from crime. It only brings sorrow and death. There is a book written by a former guerrilla entitled: In Hell. It narrates how this kind of life is, how they are captured as children, as we have seen in recent publications, how their vocations are warped, how they are turned into murderers, how they are made to lead a life that is arduous and is in no way related to the normal life of a human being. Outside of that, they are hurting other human beings. God severely punishes this.

I think that when we all return to work normally for our country, homes, towns, neighborhoods, cities, anywhere, in any activity, and do so with honesty, we will find that all those life expectations, or expectations of the lives of Colombians, will be much better. I think they must forsake the hard life they are leading.

[Reporter] Let there be no mistake. An olive branch in one hand, and the law in the other.

[Delgado] I would say we always wear a white glove, but we are very strong, nonetheless, very strong. Unfortunately, we have had to live during a period in the history of Colombia that is very harsh. But that is the period that we had to live, the life we had to live, and we are highly committed to overcome any conflict. I do call on these subversives, guerrillas, to mull this over. The country has a great future. Despite all the problems we have, we are making great progress. If they stop causing problems, we will make even greater progress and their children will be able to study more and advance and have jobs. I would tell others that money is not happiness. Look at all the very wealthy people who are going through so much hardship, are in are jail, or murdered. Money never brings happiness. We must find happiness in the personal satisfaction of studying and working honestly, and raising a family like any normal people in the world.

Colombia: Minister Says Ties With U.S. Military Unchanged

PA1903163196 Madrid EFE in Spanish 0242 GMT 19 Mar 96

[FBIS Translated Text] Santa Fe de Bogota, 18 Mar (EFE) — Colombian Defense Minister Juan Carlos Esguerra affirmed today that U.S. military cooperation to Colombia remains unchanged despite the fact the United States denied Colombia annual certification two weeks ago, because it considered Colombia's efforts against drug trafficking to be insufficient.

"The bilateral agreements are so positive that we reached an agreement with the U.S. Embassy to install a new radar station this week," Esguerra said. Esguerra explained that the system designed to monitor drug operations will operate in the unpopulated La Vinchada region (bordering Venezuela).

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Esguerra said that he has met with U.S. Ambassador Miles Frechette to strengthen cooperation despite U.S. criticism of Colombia and later recriminations against Colombian Justice Minister Carlos Medellin regarding the "ridiculous" aid given for combating drugs.

"Officially, I have not been informed of any cuts. To the contrary, these last few days I have been reviewing with the U.S. ambassador the status of the different cooperation agreements between the two countries and how they will be continued," Esguerra said.

However, Defense Minister Esguerra pointed out that "it appears there may be some limitations in Armed Forces and Colombian Police training programs."

SEMANA magazine affirmed that 20 Colombian colonels who were to travel to the United States for training last week were not able to do so after they were notified by the U.S. Embassy that economic aid to pay for their trip had been suspended.

Colombia: Defense Minister on Accord Signed With Russia

PA1603150096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 13 Mar 96

[From the "RCN Radio Events" newscast]

[FBIS Translated Text] [Words indistinct] signed by Defense Minister Juan Carlos Esguerra. [words indistinct]

[Begin recording] [Esguerra] This is about a military cooperation agreement we have signed with the government of the Russian Federation. This agreement serves several purposes. The supply and [words indistinct] to satisfy the needs [words indistinct] and, second, the sale of licenses so we ourselves may produce all or part of some components of weapons and [words indistinct] sign an agreement establishing the possibility that as we acquire Russian arms, the Russians will establish shops and training and repair centers here so we do not face inconveniences that sometimes arise due to a lack of parts or difficulties in securing parts. This agreement also concerns training.

Certain areas are well covered and are a source of much satisfaction, because they correspond to what we have been doing in Western Europe and in Russia now to find satisfaction for some needs.

[Unidentified reporter] What kind of weapons are we talking about? Rifles, missiles?

[Esguerra] We do not need missiles at this point. We are talking about rifles, mortars, machine guns, and, possibly, heavy equipment, such as earth moving equipment. We are talking about the Russia Federation's possibilities and interest in participating in the process that will take place to choose the type of helicopters we will be furnishing to the Air Force in the next few months. [end recording]

Colombia: Accord With Russia To Offset Decertification

PA1703123196 Santa Fe de Bogota EL ESPECTADOR in Spanish 14 Mar p A8

[FBIS Translated Text] A bilateral cooperation agreement signed yesterday with Russia will allow Colombia to assemble Russian-designed helicopters in the future.

The cooperation agreement signed by representatives of the two governments becomes the first action aimed at countering possible negative effects of the U.S. decertification of Colombia's efforts in the struggle against drug trafficking and organized crime.

Defense Minister Carlos Esguerra Portocarrero himself admitted that this new alliance with the CIS Government "has much to do with the decertification."

The agreement comprises the supply of arms, ammunition, and other military equipment aimed at countering both drug trafficking as well as subversive activities.

Likewise, the agreement includes offering the necessary technical assistance for the installation and start-up of facilities to repair and maintain armaments, ammunition, or other Russian-made or supplied equipment, material and military technology.

For the Colombian Government this is one of the agreement's main attractions in view of the great difficulty encountered in acquiring spares for the Russian-made AK-47's used by the military forces.

One important point of the agreement stipulates the specialized training of Armed Forces personnel, of Colombians in Russia and vice-versa.

Regarding the armaments that Colombia will purchase from Russia, it was learned that this includes rifles, machine guns, and heavy transportation equipment for the mobilization of troops and cargo.

The agreement, which came into effect yesterday, was signed by Defense Minister Juan Carlos Esguerra Portocarrero and Serguei Svechnikov, president of the State Committee of the Technical Military Policy of the CIS.

The assistance agreement will have a five-year duration, which will be automatically renewed every year.

Minister Esguerra, on the other hand, rejected the statements by U.S. Secretary Robert Gelbard, which in addition to attacking Justice Minister Carlos Medellin, attacked the state itself, by asserting that Colombia, in

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addition to governability problems, also had sovereignty problems.

"The word sovereignty is very much a part of all Colombians and especially of our Constitution, where it is printed in block letters, in capitals, and in granite," he stressed.

With the cooperation agreement signed with the CIS and the agreements that will be signed in the next few weeks with the governments of Spain and France, Colombia seeks the consolidation of new allies in the struggle against drug trafficking so that U.S. Government decisions have less of an effect on that war on drugs.

Colombia: Minister on Difficulty in Protecting Territory

PA1903032496 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1815 GMT 17 Mar 96

[From the "The Midday Newscast"]

[FBIS Translated Text] Santa Fe de Bogota — It is not easy to guarantee public order in Colombian territory, Defense Minister Juan Carlos Esguerra Portocarrero has acknowledged in the face of the broad guerrilla escalation that took place over the weekend in several areas of the country. During a ceremony held in Yopal, Esguerra Portocarrero said: We have reinforced all military units. We are alert and prepared with all human and materiel resources to prevent, to the extent possible, the disruption of public order. He affirmed, however, that this is not an easy matter, because: The territory that we must protect — all at once — is vast and we do not know the time nor the place in which the hornet of subversion and narcoguerrillas will sting.

Colombia: Signs of Economic Downturn Discussed

96SM0161A Santa Fe de Bogota SEMANA in Spanish 12 Mar 96 pp 42-50

[Article: "Economy Shrinking"]

[FBIS Translated Text] As the saying goes, the urgent almost never leaves time for the important. That maxim was confirmed on Friday 1 March, when Finance Minister Guillermo Perry's efforts to explain the effects of the decertification kept him from devoting all the time he would otherwise have given to analyzing a piece of information that had managed to keep him awake the night before: February inflation. In the end, although it had been expected that the rate would be high, the 6.6 percent figure for the first two-month period turned out to be a six-year high.

The matter might have been merely a blemish in the economy's outlook but for the fact that, with every passing day, the analysts are becoming more and more convinced that the most serious problem is not only inflation itself, but also the possibility of its being compounded by a factor that is already worrying all the analysts: the imminence of a recession, or at least a slowing of the economic growth rate. Should these two considerations join forces, Colombia would enter into one of the most somber of economic scenarios, known as stagflation, a double anathema comprising the worst of both worlds, in that, the economy slows down, prices continue to go up. And there are already clear indications of the decline in growth that the GDP could suffer this year. Prestigious institutions such as ANIF [National Association of Financial Institutions] estimate that the growth of GDP will top at a mere 3 percent, a decidedly lower level than the surprising 5.3 percent it attained in 1995. This difference, and the combining of the estimated figure for 1996 with the sudden ballooning of inflation—which by year-end, at its current pace, could top at well above 20 percent and very far wide of the goal of 17 percent set by the Social Pact—have suddenly catapulted the word stagflation into fashion. It was invoked last week by some of the most respected columnists on economic matters, like former minister Abdon Espinosa Valderrama and precandidate Juan Manuel Santos.

The above outlook in itself would be worrisome enough. But unfortunately, the bad news extends to other indicators as well. The fiscal deficit could outdistance the government's projection, already worrisome in itself, of a 3.5 percent growth for the central-government sector as of the close of 1996. And estimates with respect to demand and private investments only confirm the prospect of economic stagnation.

Most of the experts explain the gathering of all these storm clouds as stemming from the political crisis, which indeed seems now to be affecting the economic situation. This perception invalidates the idea that was current for years and was summarized by the ANDI's [National Association of Industrialists] then president Fabio Echeverri, in the dictum: "The economy is doing well but the country is doing badly." But not all the analysts agree with the belief that what is happening with the economy is plainly and simply the reflection of the portentous political and judicial problems the present government is experiencing. Jorge Ramirez Ocampo, president of ANALDEX [National Association of Exporters], believes that even before the eruption of the political crisis the economy was already showing signs of a negative cycle. In his view, what is happening is that the crisis has exacerbated the worsening of the economic situation, "since it was like throwing gasoline into a fire."

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Uphill Struggle

The scenario is complex. To measure its exact dimensions, each of the various symptoms of the crisis must be analyzed separately. The most disturbing of these, and above all, the one that most immediately and directly affects all Colombians, is inflation.

Every time there is an excessive rise in prices all eyes turn an accusing look toward the Central Bank's [Banco de la Republica's] Board of Directors for not being able to reduce inflation. In the case of the February results, however, the majority of the experts agree that the problem is in good part alien to monetary policy, and that it is related instead to prices in some of the sectors under government control. Analyst Javier Fernandez, ANIF's president, for example, sees the general price rise during this period as stemming from the rise in sectors such as education, public services, rents, and food. As things stand, although the Board is trying its very best, its margin of maneuver has limits. As explained to SEMANA by a Board member: "Our measures are useful in controlling prices that depend on supply and demand. But when prices under government control skyrocket, our capacity to act effectively is very limited."

Beyond the debate over the causes of the accelerated rise of inflation, however, what is certain is that the outlook for the future is not the most auspicious. As of the beginning of the year, for the first time in a long while, the downward price trend reversed direction, taking an upward turn. And still to be seen is the effect of price rises such as that of gasoline, whose 12 percent increase went into effect as of the end of February, and whose impact will therefore not begin to be felt until well into March. Furthermore, there will be an unavoidable rise in costs of education in April, when the private-sector schools will be independently readjusting their tuition fees, and some will be adopting a free-market approach to this readjustment, in accordance with the decision of the Ministry of Education. This situation stems from a Constitutional Court ruling that teachers in the private sector must be paid the same as those who are members of FECODE [Colombian Federation of Educators], the public-sector educators union. The private-sector schools therefore asked for authority to increase their tuition fees, and the Ministry of Education gave the all-clear for independent discretionary adjustments within the sector.

Another ingredient that will go into the broth of inflationary pressures is the gradual dismantlement of public-service subsidies, a necessary measure that cannot be postponed, but that will have a considerable impact on prices. If one adds to all this the possibility that food prices may maintain their upward trend, in anticipation of a crop shortfall this year, the outlook turns all but rosy. That which weighs most heavily on this front is the government's demonstrated inability to take forceful but unpopular action like approving food imports, which would enable a reduction in food prices.

In the middle of the debate on the causes of inflation, the only thing clear is that the central bank's Board is determined to preserve monetary austerity, and is keeping a tight rein on the money supply through the familiar mechanism of borrowing cash against high-yield paper. In the opinion of Hernando Jose Gomez, the Board's codirector, monetary control is not only a way to slow inflation, but also a means of defending the exchange rate, by preventing the channeling of excess liquidity into the buying of dollars and its concomitant generating of pressure for a further devaluation. And at the same time, it invites the entry of foreign currency, attracted by high interest rates. He says: "We are not going to allow interest rates to go any higher, but neither are we going to take any additional active steps to lower them."

In the face of such a situation, the thought of recession becomes the focus of concern. In Perry's view, keeping interest rates as they are to protect the currency exchange spread "could lead to seriously compromising this year's economic growth, without attaining, for all that, better results with respect to inflation." To put it bluntly, the conviction exists that at present-day interest rates, no investment can justify going into debt.

Powerless Engine

Despite the ill winds, it may be overstating the situation to maintain that Colombia is going through a recession, since its economic growth will remain positive. But it is not an overstatement to say that serious signs of an economic slowdown have already made their appearance. The first warning sign was unemployment, which reached 9.5 percent as of the end of 1995, an insignificant 1.6-point rise with respect to 1994.

Pessimism regarding economic growth was also seen in the results of the latest ANDI poll, which led the labor union to the conclusion that factory production had fallen between 2 and 3 percent in January. The Business Leaders Opinion Poll conducted by FEDESARROLLO [Federation for Development] produced somewhat similar results. The businessmen's answers to questions on the current atmosphere and on the prospects of investment were by no means optimistic. For the first time in almost ten years, the number of businessmen who said that production is going down was larger than the number of those who said it is going up.

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These bad omens are already becoming noticeable in several specific sectors. The most evident case is that of the construction sector, which fell by 12 percent last year and, as if this in itself were not already bad enough, CAMACOL [Colombian Construction Board] is expecting it to fall by another 15 percent in 1996. The automobile sector is going through a similar situation, with sales dropping 17.1 percent in the first two months of 1996. Neither are FENALCO's [National Federation of Businessmen] figures very propitious, indicating as they do that business is on the decline, in the wake of a severe drop in sales.

Another indicator of weakness in the economy is advertising, whose revenue has dropped markedly in the last few months. During the period January-February of the current year, the television sector posted a drop of approximately 20 percent with respect to the same two-month period in 1995. Still another example: the newspaper EL TIEMPO display and classified ads revenue fell 10 percent in the first two-month period of the current year with respect to the same period in 1995. This had not happened in decades.

But if in these whereabouts it rains, in the financial sector it does not clear, and this is evidenced by a mere 3.5-percent earnings growth in 1995, a famine after several years of feast. The difficult situation the sector is going through is reflected by the rise in the number of loans in the process of collection by the credit institutes, up 66 percent in 1995. And as if this were not enough, consumption by way of credit cards also "has notably slowed," according to Ascredibanco's president, Orlando Garcia. In fact, in January this industry had billings totaling 307 billion pesos, up only 29 percent, while in the same month in 1995 and in 1994 the growth was 47 percent.

And should the foregoing signs not suffice, the most telling evidence that something is happening in the economy is offered by the number of arrangements between insolvents and creditors. In what has gone by of the present year, the Superintendency of Companies has approved eight of these arrangements, the majority of them in the commercial sector. With this figure as a start, the 1996 year-end total could rise above 1995's total of 57 such arrangements, which itself was rather high and practically double that of the previous year.

If all these signs truly reveal what everyone thinks they do, there is no alternative but to begin a downward adjustment of all prior economic growth projections made until now. Although timidly, the government has already done this. And quoting the finance minister: "I have always said that our economic growth in 1996 will be between 4.5 and 5 percent, and now I believe that it will be closer to 4.5 than to 5 percent." Fedesarrollo has gone further, reducing its prior 4.4-percent projection to 3.8 percent after factoring the effects of the political crisis into its analysis.

In the opinion of Maria Mercedes Cuellar de Martinez, codirector of the Banco de la Republica, the drift off-course has to do in large part with structural conditions. In her view, "part of the lesser growth—which was taken into account in the setting of the current year's macroeconomic goals—was actually sought because the economy was overheated, with spending very high and savings very low." But although there is agreement of sorts that things were already going wrong, there is also agreement that they are being worsened by the political crisis. According to FEDESARROLLO, the political crisis is not the only factor that darkens the outlook. There are two additional factors that may accentuate the slowing of the economy, namely, the uncertainty surrounding the exchange rate, and the current high level of interest rates.

With this as a point of departure, one could of course begin to speak of a vicious circle, since the extent to which these two factors relate with the political crisis is not really known as of now. In fact, the negative impact being exerted on the economy by the criminal investigation of President Samper, and by his administration's destabilization, had been being viewed, until now, rather as a hypothesis that had not yet been fully proven as a reality.

But with decertification this view changed dramatically. The mere fact that Washington has taken such a far-reaching decision is a blow for the investment sector. And should decertification drift toward trade sanctions—as is being threatened by officials like Undersecretary of State Robert Gelbard—there is no doubt that the country would go into an all-out recession.

Imbalance

But even before the worsening of the political crisis by the decision of Bill Clinton's administration to decertify Colombia, many analysts had already warned that the worst problem Colombia's economy faces as it nears the end of the century is the growing fiscal deficit. In fact, CONFIS's [Higher Council on Fiscal Policy] projections point out that the country is approaching a fiscal imbalance comparable only to the one reached 10 years ago, toward the end of Belisario Betancur's presidency. The situation at that point was so critical that the IMF had to intervene to take charge of the Colombian economy.

Even though the deficit is owing in part to structural elements, like the transfers of funds to territorial ad-

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ministrative entities as required by the 1991 Constitution, the government is not exempt from accountability. Despite the difficult fiscal situation inherited from the Gaviria administration, it is the view of many that the present administration devoted itself to overspending—despite the announced cutbacks in operational spending and investment—or to bartering the national budget in Labor Minister Orlando Obregon's controversial labor negotiations. The interesting fact is that, contrary to the public's perception, the hole in the public pocket in times of political crisis is apparently not in the area of the Social Solidarity Network but rather in that of the cofinancement funds, which have been used to gain the support of members of Congress in the investigation of President Samper they are conducting (see Box). Once again, the serpent is biting off its tail: To manage the political crisis, the government is having to spend beyond its means, and in so doing, it is exacerbating the economic situation.

Private Sector Is Paying

The sad part of the story is that, as Maria Mercedes Cuellar points out, "The economy has a limited spending capacity, and therefore, if the government spends, the result is that the private sector will have to pay." The reason is that with a restrictive monetary policy like the current one, any expansion of the government ends up competing with the private sector for the available funds. If we add to this the risk that the decertification will complicate our public-sector debt abroad, the solution will have to be the emission of correspondingly higher internal public debt, thus raising interest rates to still higher levels.

And the worst of it is that, at the current rate of slowing of the economy, the collection of taxes can end up being slower than projected by the Finance Ministry. The same thing can occur with the privatization revenue projections, inasmuch as circumstances on that front are not favorable at this time. "If the hoped for revenue increases do not materialize, and if a few privatizations fall through as a result of the political crisis and of mistrust on the part of potential foreign investors, then the fiscal deficit could go from worrisome to frightening," asserts former minister Juan Manuel Santos.

In this way, even the large-scale efforts to control spending may prove insufficient and the fiscal gap would become even worse. In the words of Gabriel Rosas, coordinator of the Commission on the Streamlining of Public Spending, "the initial findings of our studies indicate that the fiscal situation over the next few years is more serious than is being assumed in current projections."

Scarce Hope

In conclusion, there are compelling reasons to worry. As Fedesarrollo's manager, Mauricio Cardenas, says: "It is no longer true that the Colombian economy can withstand anything and everything." Several warning lights on the instrument panel are flashing, calling for fast action by the government and the monetary authorities beyond everything they have done to date. The problem is that the political crisis that appears to have accelerated the deterioration in the first place is increasingly leaving less and less margin of maneuver. And a government that finds it so very difficult to withstand the demands of the labor unions, and that has no choice other than to give in to the demands of the congressmen, can hardly commit itself to an austerity program that is as necessary as it is unpopular, and that would require Ernesto Samper to sacrifice—at least in part—some of his social promises.

The task now facing the government's economic team is thus as urgent as it is sensitive. Its positive side is that those who are leading the approach to it are recognized, even within the most anti-administration circles, as trustworthy persons with a keen sense of responsibility, who are not going to allow the economy to run off the road. The negative side is that the environment in which they must move is not very favorable.

[Box, p 46]:

A Strong Denunciation

Over the past several weeks, many economists have sallied forth lance-at-the-ready against the cofinancement funds. These funds were provided for by the 1991 Constitution as a mechanism to facilitate the process of decentralization, through financial aid to be extended by the central government to investment projects initiated by the departments and municipalities. However, a purpose as laudable as this has ended up contaminated by patronage and bureaucratization.

Senator Juan Camilo Restrepo deems that the main problem with respect to these funds is that they have been turned into an instrument in use by the government to manipulate the Congress and retain its support in the midst of the political crisis. In Senator Restrepo's words, the problem stems from the "allocating of cofinancement funds to the members of Congress by quotas, which for all practical purposes amounts to a resurgence of the system of parliamentary grants. In this way, 160 billion pesos, amounting to more than 20 percent of the cofinancement budget, are being channeled into patronage."

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Much of the government's ability to manipulate the Congress by means of these funds stems from the intensive centralizing of the allocation process in the DNP [National Department of Planning]. In his recently published book, former Finance Minister Eduardo Wiesner writes: "It would be ingenuous to think that the role assumed by the DNP in the allocation of the funds was accidental. What probably occurred was that the DNP connection was deliberately sought as the mechanism that would ensure the distribution of the funds and the apparent technical legitimacy of that distribution." The discretionary handling of the funds by the government is also facilitated by an article in the budgetary law that permits the DNP to reallocate resources among the different funds. Senator Restrepo deems that "this is a patently unconstitutional practice, because it ignores the principle that all spending must be approved by the Congress as a whole." What is certain is that the recent months have seen a decided increase in the visits of individual members of Congress to the DNP to press for their projects. This is devastating for an entity that has been characterized by its technical nature and independence of judgment.

But the gravest aspect of cofinancement funding is that, because of their magnitude, these funds weigh heavily in the public-spending outlook. The 1996 budget for this funding totals over 700 billion pesos, or almost one third of the projected central government's public-sector deficit for this year. As seen by Gabriel Rosas, coordinator of the Committee on Streamlining of Public Spending, "cofinancement funds are a substantial source of the country's fiscal problem. If the decentralization were being implemented properly, there would be no reason for the central government to have so much money at its disposal."

In sum, what is crystal clear is that a cutting back of cofinancement funds would contribute to a considerable reduction of the fiscal deficit, which is the major problem facing the Colombian economy at this time. But since these funds provide the central link between the government and the Congress in the current political crisis, it would be highly illusory to expect this to happen.

Ecuador

Ecuador: Quito Militarized Due To Public Transport Strike

PY1903225796 Madrid EFE in Spanish 1356 GMT 19 Mar 96

[FBIS Translated Text] Quito, 19 Mar (EFE) — Ecuadorans awoke today to find Quito militarized due to the strike by the public transportation sector in protest over a city hall decision to order the withdrawal from circulation of all buses over 20 years old.

The Army is implementing the state of mobilization decreed on 17 March by President Sixto Duran-Ballen. As a result of this decree the transportation sector decided to withdraw the buses that have been blocking the Quito streets since Friday, 15.

Although the transportation sector decided to lift "the siege" on Quito — as Quito Major Jamil Mahuad chose to call it — the public transportation strike, which has caused chaos, continues.

Mahuad asserted that the municipality would provide vehicles for transportation, but the number of units were not enough to meet the demand and the people had to resort to all sorts of means to get to their destination.

After 72 hours of reduced police participation, Chief Police General Marco Hinojosa asserted that the police will safeguard buses circulating today.

Hinojosa said the absence of the police in the operation organized by the municipality was due to a shortage of personnel. He denied press reports attributing the police lethargy to the fact that the police own several old buses affected by the resolution.

Since Friday, the public transportation sector obstructed streets in Quito to demand the derogation of the municipal resolution or at least the extension of the deadline for the withdrawal of some 1,000 obsolete buses.

Ecuador: Peasants' Strike Protests Presidential Veto

PY2003022396 Quito Voz de Los Andes in Spanish 2300 GMT 19 Mar 96

[FBIS Translated Excerpt] The Ecuadoran peasants are not discarding a paralization of agricultural activities in face of the presidential decision to veto the law that capitalizes the National Development Bank and the credits for agriculture.

Deputy (Cesar Bulva), who heads the Indigenous Affairs Committee of the Ecuadoran Congress, said that the paralyzation will probably start on 25 March if President Sixto Duran-Ballen does not submit an alternative proposal to the one approved in Congress. [passage omitted]

The Ecuadoran peasants categorically rejected the presidential veto, saying that the interest rates of the National Development Bank are not helping Ecuadoran agriculture.

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Ecuadoran Congress President Fabian Alarcon said that the dialogue with President Duran-Ballen to approve the legislative laws has practically failed after the president vetoed the law that capitalizes the National Development Bank. Alarcon said that despite the presidential veto, Congress will continue to work to help farmers. [passage omitted]

Ecuador: Survey Shows 'Strong Hand' President Sought

PY1903021396 Madrid EFE in Spanish 2235 GMT 16 Mar 96

[FBIS Translated Text] Quito, 16 Mar (EFE) — According to a survey published by a daily today, the Ecuadorans agree that the ideal president for Ecuador must be an "honest" person with a "strong hand" to conduct his government team and this country.

According to the daily HOY, which mentions a survey conducted by the private enterprise Cedatos, the ideal president "must be honest, definitely honest, so that he may be able to administer public funds correctly."

The survey results also states that the ideal candidate "must be educated, intelligent, respectful, close to the people," that he must govern "for the benefit of social security and to struggle against delinquency."

The ideal candidate "must be a leader who leads his working team in a coherent manner, is willing to hold talks, is preferably under the age of 50, and it does not matter what his religion is."

The Ecuadoran people want a president "fully acquainted" with the national problems. The same survey listed "inflation, unemployment, lack of basic services, immorality, and public corruption," as the main national problems.

A definite requirement is that the ideal president have a "strong hand and impose discipline in a country characterized by a lack of discipline and disorder," according to the survey that states that "this could represent the end of an era of good-natured candidates because the people want somebody stronger."

"Although the people want a candidate with good political experience, it is not a priority requirement," nor does it matter "that the candidate is an independent."

Peru

Peru: FAP Colonel Tied to Arms Trafficking Not Punished

PY1903030096

[FBIS Summary] Lima LA REPUBLICA in Spanish on 6 March carries a 1,400-word report on page 10 by Angel Paez on the involvement of Peruvian Air Force (FAP) Colonel Ferradas Platas in the trafficking of arms to Ecuador.

The report notes that Colonel Ferradas Platas was director of the Legal Advisory of the General Directorate of Air Transport, DGTA, between February-December 1987, April-June 1989, and January-December 1990. He was then appointed FAP legal representative to the Defense Ministry Inspector General's Office, a post which he still occupies.

The report points out that despite laws banning public servants from representing third parties before the public administration in general and to a lesser extent in the office where they are posted, he was also representative of the Panamanian Airline, Copa; the Costa Rican Airline Inc., LACSA; and member of the Export Air del Peru executive board, among others.

The report notes that Export Air del Peru frequently transferred its cargo permit granted by the DGTA to other airlines. Fine Air Co., the airline that transported the 75 tonnes of weapons the Argentine Military Industries sold Ecuador during the 1995 war, was one of the airlines that used this permit most frequently. At that time retired FAP Col Jaime Prieto Arrieta, former DGTA executive director and a good friend of Ferradas Plata, was the general manager of Export Air del Peru.

According to the report, during the investigation to determine Export Air del Peru's participation in arms trafficking, Prieto defended himself by stating that he had informed the FAP about the trafficking but it was not determined why he did not report it earlier to allow Peruvian diplomacy to take action.

Before going to Argentina, Fine Air Co. aircraft were in Lima using the Export Air del Peru's permits. But it was not determined why the investigations did not involve Ferradas Plata, who at that time was FAP legal adviser and also linked to Export Air del Peru, which was seriously involved in a problem concerning Peruvian national security. According to the DGTA, Ferradas himself requested this permit for the Export Air del Peru on 31 October 1991, but was never summoned to testify.

The report then notes that "in addition to obtaining flight permits from the DGTA for Export Air del Peru, in January 1991 he became representative of LACSA and in September 1994 of Copa, although prohibited by law to do so until at least five years after leaving the DGTA.

The report says that "because he requested from the DGTA a permit for LACSA and exerted pressure on his comrades-in-arms to authorize the permit for the airline he represented, in 1992 Ferradas Plata was tried and sentenced by prosecutor Carlos Perez Avellaneda

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to two years imprisonment, but that same year he was, surprisingly, promoted and neither did FAP Commander Jose Nadal Paiva order that he be subject to an investigation.

Peru: Ecuador's General Moncayo Interviewed

96SM0148A Lima SI in Spanish 3 Mar 96 pp 10-17

[Interview with General Paco Moncayo, Ecuadoran Army chief, by Marcelo Gullo in Quito; date not given: "The General and his Labyrinths"]

[FBIS Translated Text] [Gullo] General, Servio Lima Paladines wrote in the first of a series of articles entitled "The Fatherland, the Armed Forces, and Paco Moncayo" that you "as a child swore that you would become a soldier in order to fight for the blood of your brothers and to defend the Fatherland from the insatiable greed of Peruvian imperialism." Was the Peruvian-Ecuadoran war of 1941 a branding iron that left a lasting impression on you? Did you grow up waiting for the moment of great historical revenge?

[Moncayo] Ecuador was invaded by the Peruvian troops. El Oro Province, Loja Province, and the eastern provinces weere occupied by the Peruvian troops—a circumstance that is acknowledged in the Rio de Janeiro Protocol itself. When you are born in an era such as that—when you are very young and during your formative years live in a society that has been marked by the trauma of invasion and aggression—you are obviously influenced by the environment in which you are raised. I believe this must have been the reason why the military vocation guided my spirit. This does not imply that I associate myself with—or endorse—what some Ecuadoran journalist has written in an article.

[Gullo] General, have you believed since you were a young man that the "recovery of the lost territory" is an enterprise worth dedicating all of your personal—and all of the nation's—resources to its achievement?

[Moncayo] I believe every country that has been attacked, humiliated, and offended—that has been obliged by force of arms to sign a protocol that deprived it of a substantial part of its territorial heritage—is a country that is naturally going to set its sights on recovery of what was lost.

I have emphasized on various occasions that in our relations with Colombia we have lost territory that was historically part of the territorial jurisdiction of the Royal Tribunal of Quito but that nevertheless—because this was the product of a peace treaty that was signed by mutual agreement on the part of both countries—it has never occurred to Ecuador to demand these rights, nor has Ecuador ever maintained a formal claim as in the case of our relations with Peru. It is not the same where Peru is concerned. Peru has attacked us. History shows that when we were still part of Colombia, Guayaquil was occupied by the Peruvian troops and the battle of Tarqui—history tells us—took place in Cuenca, a city that for centuries was part of the territory of the Royal Tribunal of Quito. In 1859 Guayaquil was again occupied by the troops of Marshal Castilla, at which time General Franco was obliged to sign an ignominious treaty that not even the Peruvian Congress recognized, with the result that Guayaquil was once again occupied by Peruvian troops.

In 1941 the entire province of El Oro was occupied: its cities were set afire and its women were harassed, and the same thing happened in Loja Province. I am therefore amazed that when this has occurred between two sister countries, the nation that has historically committed aggression against the weaker nation is resentful when the latter protests in behalf of its dignity and against the humiliations, and I am even more amazed when I see Germany and Russia acknowledging their past errors in order to establish a climate of peace and friendship with countries that were also victims of aggression. We Ecuadorans—Ecuador—have never attacked Peru. Never in our history have we sent Ecuadoran troops into Peruvian territory, and I therefore strongly believe that we have the right to ask the Peruvian people to reflect on our common history, so that we will be able to adopt a course of peace, friendship, and solidarity based on an acknowledgement of past errors and on a desire for future corrections.

[Gullo] General, can we then say that as a child and as a young man you were deeply troubled by the Peruvian-Ecuadoran problem?

[Moncayo] Well, because the Peruvian-Ecuadoran problem has been with our generation all the days of our lives, and because we have learned the history of Ecuador—a history of boundaries—in our elementary and secondary school classrooms, I believe this is true not only of Paco Moncayo but of the entire generation that came after the Peruvian aggression and invasion.

Ecuador Is a Dissatisfied Country

[Gullo] General, has Ecuador considered taking revenge for the defeat it suffered?

[Moncayo] Ecuador is not a nation that takes revenge: Ecuador is a nation of laws. Ecuador has always dealt with this problem in accordance with international law, and has always sought a peaceful solution to this old controversy that is causing so much harm to Peru and Ecuador. Ecuador is a dissatisfied country because it feels it is maintaining a border that was

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imposed by force of arms, which constitutes an absolute negation of the international law of the Americas and the international law of the world, a fact of which you—because of your educational background—are completely aware.

[Gullo] General, you were strongly opposed to the unilateral cease-fire proclaimed by Fujimori, and you protested against it. On the 30 May 1995 "Good Morning" program hosted by the journalist Diego Oquendo on Radio Vision of Quito, you stated that the Itamaraty [Brazilian Foreign Ministry headquarters] Accord served only to tie the hands of the military command. Did you want to continue the war?

[Moncayo] Look, I made an extraordinary contribution toward putting the Itamaraty Accord into practice in our country, contrary to what is being said and transmitted over some of the media in Peru. The solution of the conflict was completely institutional. The political decisions were taken at the political level, and I took charge of the decisions that belonged to the sphere of military operations. I never interfered in that decision-making process at the higher levels. I am a professional soldier who has served 38 years in the Army. I know that the problem is that when there is a conflict, powers and responsibilities are intermingled. I therefore correctly interpreted the unilateral cease-fire as a political maneuver by Fujimori rather than the expression of a desire for peace, because the attacks did not stop. There was accordingly no coherence between President Fujimori's statements, on the one hand, and the reality I was experiencing in the area where the fighting was taking place—just as there was none following the signing of the Itamaraty Accord—because the Peruvian forces continued to attack our positions constantly: a fact supported not only by eyewitness accounts but by historical documents in my possession that I shall publish at the proper time.

[Gullo] General, if at that moment you had been in charge not of the conduct of military affairs but rather of the conduct of political affairs, would you have accepted the Itamaraty Accord?

[Moncayo] Look, in matters so serious that they compromise the history of entire peoples, only an irresponsible person could rely on presumptions and suppositions. In this conflict, I had a job to do and did it to the best of my ability. I am not the kind of person to presume to know what I would have done if I had held another position. It would be improper for me to answer that question.

[Gullo] General, you opposed inclusion of the bases of Coangos and Banderas in the demilitarization agreement. We can say that you were opposed to the demilitarization of Banderas because of your contention that it was not a combat zone. In your statements to Radio Vision, however, you said that during the attack on Tiwinza you were in Banderas, which is only three minutes distant by helicopter. Is that a combat zone or not?

[Moncayo] Well, it was not an area in which any fighting had taken place. No shot was ever fired in the area. There are other aspects, however. You cannot leave Coangos abandoned, 160 km from the nearest Ecuadoran base, while Surveillance Post No. 1, Soldado Pastor, is only minutes distant from Surveillance Post No. 2, Nuevo Santiago, where Peru has accumulated forces that it has not demobilized. Leaving Coangos abandoned without logistic support while Soldado Vargas, only a few kilometers distant, had other military installations would have been unfair, unjust, and not in keeping with the spirit of Itamaraty.

The Ambitious Pretensions

[Gullo] General, in the interview you granted to Radio Vision on 30 May 1995, you said: "The Banderas detachment was never involved in the military problem. It is situated in the basin of the Coangos River, which is very different from the basin of the Canepa River. The Coangos river basin has never been disputed by Peru and has never been included even in its most ambitious pretensions." What are these ambitious Peruvian pretensions? Do they relate to the past or to the present?

[Moncayo] Look, Peru's most ambitious pretensions include territorial disputes between Ecuador and Peru. These disputes exist because there are different positions with respect to the territory of our country. I know that based on documents, the area where there is no border because there is no water parting—an area to which the Rio de Janeiro Protocol refers and to which Braz Dias de Aguiar also makes reference, thereby perpetuating the geographical error—is an area of Ecuador that was never disputed by Peru. There are Peruvian documents from the era of the Andrade-Garcia Treaty in which the Peruvian foreign ministry acknowledges that it has not the slightest claim to this area, neither in the form of titles nor by right of possession. In the proposals contained in the arbitrator's report to the King of Spain at the turn of the century—which was unfortunately thwarted and was inconclusive—the expert geographers and historians always recognized Ecuador's right to these areas. When I speak of aspirations and pretensions, I do so because there is a difference: there are maximum and minimum positions. I say that never—not even in its most far-reaching aspirations—has Peru asserted a claim to the Coangos River basin; it has never made that claim.

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[Gullo] General, the Peruvian Foreign Ministry has just published a book in which one reads the following: "The Water Parting Exploration: A joint commission consisting of Captain Luis F. Montezuma of the Peruvian brigade and Second Lieutenant Gustavo Proano of the Ecuadoran brigade, called the "Border Demarcation Commission," through its El Condor Subcommission of the second brigade has submitted a report—in the form of a consolidated file—the text of which concludes as follows: 1. The march is substantially achievable—although accompanied by great difficulties and sacrifices—if it is carried out immediately. According to the description that we have made of the El Condor cordillera, we are sure that the water parting of the Santiago and Zamora rivers passes through the zone that we have explored. We are of the opinion that the placement of a marker at the site is not absolutely necessary, inasmuch as we believe that no one would be able to find any other location for the aforementioned divide." This conclusive document—which proves the total validity of the Rio de Janeiro Protocol—was signed at Boca de la Chinganaza on 27 October 1943 by Capt. Luis F. Montezuma for the Peruvian commission and Second Lieutenant Gustavo Proano Franco for the Ecuadoran commission.

[Moncayo] Look, I invite you to go back in time and put yourself in the place of those captains in that era. They were looking for the geographical accident that divides the waters of the Zamora River from those of the Santiago River, but the area they are referring to obviously—from the geographical standpoint and without any room for argument, because it is a scientific matter—divides the waters between the Zamora River and the Cenepa River. I have not read either in the Rio de Janeiro Protocol or in the arbitration award of Braz Dias de Aguiar any reference to the water parting between the Santiago and the Cenepa.

Moreover, this is the question that the foreign ministries must discuss, is it not? That is why they are meeting, because if they do not wish to discuss these topics, I do not know why they are going to meet.

The Greatest Disgrace

[Gullo] General, in one part of your recorded interview you say, referring to Peru's troops: "If they had occupied the headwaters of the Cenepa River and stationed detachments there, it would have been the consummation of the greatest disgrace in the history of Latin America." In the event that the headwaters of the Cenepa River are occupied, administered, or possessed by Peru and this becomes—let us say, an established fact—what would you do, and what would be the attitude of the Army?

[Moncayo] Look, the area to which I refer in that interview is an area that is demilitarized and under the control of the guarantor countries. It is an area that is under discussion, and the foreign ministries are prepared—in accordance with the sixth point in the Itamaraty Accord—to discuss these questions. The foreign ministries must therefore provide a solution to the problem, but the solution will not be found in de facto actions or actions involving the use of force, such as those that were carried out by the Peruvian Army and that caused this conflict: a conflict that—I insist—Ecuador neither sought nor provoked, inasmuch as it had to react to all those who are now saying that we had been planning the conflict.

Peru Checkmated

[Gullo] General, in that same interview you speak of strategic solutions and say: "There were strategic solutions that were highly logical and drastic. A strategy only moderately well prepared would have brought a solution. It is almost like a chessboard, in that anyone could have seen where the checkmate was." What were those strategic solutions, and what was that checkmate?

[Moncayo] Well, in a strategic conflict—as in chess—a checkmate is to leave your adversary unable to react, unable to achieve his objectives. It is a contest. The Peruvian commander was doing the same thing that I was doing as commander of my troops, but you sanctify everything the Peruvian commander did and demonize everything the Ecuadoran commander did. So what are we talking about?

[Gullo] General, the journalist Diego Oquendo of Radio Vision asked a question concerning Fujimori's presence in the combat zone. The journalist asked you: "Would you have employed artillery against the sector where the Peruvian president was making an appearance?" And your answer was: "This is something that inevitably comes to mind, and one must be cautious. Look, I am unable to justify it. Take the case of Hitler: he was never among the platoons conducting the attacks, nor was Saddam Husayn, so that it is something unprecedented and unexpected for the military planner to be taken out of his context." Why did you use those two examples? Are they your archetypes, your fixation?

[Moncayo] Because I am citing examples of chief executives of countries that are involved in wars but who would never put themselves and their country's political relations at risk by making an appearance in an area where they do not belong. I believe it is imprudent. I believe any problem that this could have caused would merely have created an irremediable climate of interference in the future relations between the two countries.

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Wars Do Not Solve Problems

[Gullo] Were you informed of the order that Fujimori had left with the president of the Congress, to the effect that if something happened to his person, Quito would be bombed?

[Moncayo] I learned about it later, and that also reveals Peru's intentions by comparison with Ecuador's intentions, because it would never even remotely occur to us to bomb a Peruvian civilian population, because we believe—and we know—that the Peruvians are our brothers and sisters. Look at the difference.

[Gullo] General, at one point in the interview, you called General Gallardo a great friend of yours. You said you were together in the General Directorate of Military Education. "We have fought together for a period of 30 years to put many of our ideals into practice," you said. Is one of those ideals, as some are saying, to resolve what you refer to as territorial distress?

[Moncayo] Look, you in your profession, the priest in his, and the lawyer in his—we all have ideals, and Gen. Gallardo and I have always held shared ideals, with the aim of taking our institution to the high levels at which we have positioned it today: the ideals of integrity, honor, neatness, and professionalism—ideals that make ours an exemplary institution. These are the ideals that we have shared, and we have fought all our lives to make them reality.

[Gullo] Please do not take offense at my next question.

[Moncayo] No, of course not.

[Gullo] Do not answer if you do not want to. Would you be in favor of a total war with Peru, if a victory would provide a definitive solution to the problems?

[Moncayo] Look, I have said that no war provides a definitive solution to problems, and that is the mistake Peru made in believing that the "victory" in 1941 solved all the problems through the medium of the Rio de Janeiro Protocol.

Military Victory Does Not Confer Rights

[Gullo] General, permit me to put this question in a somewhat more difficult form, and please forgive my insistence.

[Moncayo] Allow me to finish answering the previous question.

[Gullo] Yes, please do.

[Moncayo] Assuming that Ecuador could have the assets necessary to carry out aggression against Peru—aggression that has never been a part of Ecuador's most far-reaching plans or intentions—and assuming that we inflicted a defeat on Peru, do you believe that we would thereby achieve a solution to the problem? What we would achieve is a reversal of the problem so that Peru becomes the frustrated, humiliated, and offended party as a result of the aggression of the Ecuadorans.

We have never put our trust in military victories, as we demonstrated following the war of 1829. As a country we continue to maintain that military victory does not confer territorial rights. We continue to believe that military victory is the least appropriate means for achieving a properly sustained peace between two countries. So forget such ideas, because Ecuador has no plans for aggression and there is no possibility of an Ecuadoran invasion of any neighboring country. What Ecuador does have is a tremendous desire to defend what rightfully belongs to it.

[Gullo] General, you maintained in an interview granted to CARETAS that this region was occupied 10 years ago. What proof do you have of these allegations?

[Moncayo] Well, we have dozens of items of proof. The best proof is what all journalists were able to observe—including the Peruvian journalists—namely, old truck farms that had been cultivated by us for a great many years. When it was assumed that they were conquering the false Tiwinzas, the Peruvian journalists observed the cultivated area, the area that had been occupied by Ecuadoran soldiers for many years. This was an incontrovertible fact; you could not move the plantings, the planted fields, from one side to the other in order to invent Tiwinza. This was proof that we were present there for a long time.

[Gullo] General, if—as you say—that zone was occupied years ago, why were there no displaced persons?

[Moncayo] I am speaking of an occupataion of the military type, the same kind of occupation that Peru maintains at its surveillance posts. There is no civilian population at those posts; there are no cities or communities in that sector.

The Final Solution

[Gullo] General, allow me to ask the following question. On page 209 of your book "Geopolitics, Power, and Security" you say: "So long as the existing power relationships are maintained, it is impossible to hope for a solution to the Ecuadoran-Peruvian territorial problem by peaceful means." Do you believe that in the light of this philosophy, there is any chance for peace? You profess to be a pacifist; have you changed, or have the circumstances changed?

[Moncayo] What surprises me is that someone who has a Ph.D. in international political science would ask me

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this question, because if you are a doctor of international political science, you would subscribe completely to that statement. I too am a doctor of international political science, and a dispassionate study of history will show you that what is said in the book is the truth: that only when the cost-benefit ratio provides such a small incentive for a military adventure will countries prefer to negotiate. I can cite you dozens of examples throughout history.

Moreover, if you are a doctor of international political science, you know that when I speak of power I am not speaking in terms of aircraft. A country has power not merely because it has armed forces, and conversely, a country can be extremely weak even though it has a large military establishment. I invite you to read Paul Kennedy's "Rise and Fall of Empires," where he shows that at the end of the 19th century, countries such as Russia, for example, had the largest army in Europe but no longer guided the destinies of Europe as it did in the days of the Holy Alliance, and that there were other countries like England, which in appearance continued to be the leading world power but that compared to Germany and the United States had regressed considerably in terms of economic progress, with the result that it was already becoming a power of the second rank. So now you know what I am saying, and no one can give you a different interpretation of what you are hearing.

The Dual Discourse

[Gullo] General, let us continue to clear up some points. In the same book to which I made reference, you say: "What are the responses to this type of situation? There are few alternatives, but one is to define clearly the aspirations and territorial demands and compel your neighbors to discuss them; another is to maintain the aspirations at the present level, neither clarifying them nor explaining them, in anticipation that the power relationship will change to the nation's advantage, with the result that the cost-benefit analysis will render a confrontation impracticable." The part that I would like you to clarify for us is your reference to maintaining aspirations at the present level—a point that is neither clarified nor made more specific. I am asking this, because if that point is not clarified, it might be construed to mean that you are proposing to have a dual language. Let us say that it could be interpreted as speaking of existing impasses without attempting to define them.

[Moncayo] Look, it is another arbitrary interpretation in which I I am supposed to approach something written in 1985 as if it is happening in 1995. You are citing a book that was written 10 years ago and are trying to give it an interpretation in the context of today, 10 years later, and I find that unacceptable. What is in the book was written for that period in history. Today there is a peace process and a signed accord, and there is talk of peristent impasses. In those days not even the slightest idea of that sort could be expressed at the time the book was written.

The Policy of Hidden Diplomacy

[Gullo] Circumstances change, but in one form or another the books were written and the interviews were transcribed. You have asserted that no solution is possible through direct negotiation, and that the only solution is arbitration. I have that assertion here, on this page, where you say the following: "I have said repeatedly that no solution is possible through direct negotiation, because neither Ecuadoran political power nor Peruvian political power are going to yield on any point, because of the impact that would have on domestic politics. Personally, I believe that only arbitration by an unassailable authority of a moral standing comparable to that of the Pope could oblige the countries to accept the arbitration award." The ensuing question would be: "Then why negotiate? Why should Foreign Minister Galo Leoro meet with Francisco Tudela? Do you acknowledge that Ecuador's policy is to move toward secret arbitration?

[Moncayo] Look, what I said in the book was stated in strictly technical terms, as befits a doctor of international political science, which I am, and because I am absolutely convinced of the truth of what I said. It is very difficult for two countries, for two governments, to be able to take decisions that are politicallly unacceptable in their respective countries. This position I hold is being discussed today, and no decision has yet been made as to what the procedures will be. The foreign ministries of Ecuador and Peru will have the task of deciding what procedures will be followed. Only in my book do I make reference to those procedures that international law considers suitable for the peaceful solution of disputes, and I support—from a technical standpoint—the particular procedure that I consider to be the most likely to lead to a solution between the two countries.

[Gullo] Would Special Ambassador Luigi Enaudi agree with these interpretations of yours?

[Moncayo] How could I know what that distinguished U.S. ambassador is thinking: he who has contributed—and is still contributing—so much toward peace between Ecuador and Peru?

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In Moncayo's Opinion, This Interview Was a Mistake

[Gullo] General, you have a list of impasses. Dr. Tobar has his list, and the foreign minister has another. Every Ecuadoran his his own list. How many lists are there? Are these lists definitive, or are they continuing to draw up lists?

[Moncayo] I do not have any list. Only since the signing of the Itamaraty Accord has there been talk of persistent impasses. When the journalist who interviewed me for the magazine CARETAS spoke to me about my views on impasses, he also made reference to a book of mine that was published four or five years ago. How could I have spoken four or five years ago of persistent impasses? See how—by changing dates and shifting information from one period to another—you can have me saying things that make no sense in the present situation.

In this book that I have on my desk I can see the year in which it was published. According to the distinguished journalist Valenzuela, the impasses are in the book. So she says, but I could not even remotely have been thinking of persistent impasses. Although we are speaking of 1992, I would certainly like to read you something from this book. You are always emphasizing something, but never important aspects of what is said in the book. "This position (I was speaking of the territorial dispute) in no way alters our fraternal relations with the noble Peruvian people—a sister people with whom we share so many similarities. We should join together to fight to free ourselves from underdevelopment and poverty."

These things are never published. Other statements of mine—other things I have written—are being distorted. giving them interpretations some of which absolutely do not apply to the present situation. To speak of Lebensraum in the closing days of the century—to desire a return to the geopolitics of the past—is the error that General Mercado Jarrin is accustomed to make, to a great extent. It is something that strikes me as completely arbitrary.

[Gullo] General, in your statements you speak of equity arbitration. Why do you seek equity arbitration? Is it because you know that de jure arbitration does not favor Ecuador?

[Moncayo] Look, I insist that I am not the Ecuadoran foreign minister—someone who is able to speak about the type of arbitration—much less after I have granted an interview in which I discussed my points of view. I am not the political authority; I am not the face the nation shows the world. These questions should be asked of the right persons. I am giving you this interview in order to speak of these matters that relate to my role during the conflict—which is my present role—but if you bring up the hundreds of speeches I have made, if I have to justify to you everything I have said in these hundreds of speeches and in the dozens of radio and press interviews that I have given, if I have to justify or clarify everything that I have said, then this interview serves no purpose.

[Gullo] General, would you like to say something in particular?

[Moncayo] I would simply like to reiterate to Peru my message of peace and also express my regrets for this concerted campaign—which is absolutely unfounded—that certain media have waged with respect to my opinions, my attitude, and my views concerning the Peruvian people. None of these things makes the slightest sense. Being a patriot does not imply hatred of other patriots. In every one of my statements I have shown respect for the Peruvian commands involved in the conflict and have praised their virtues and their performance of their duties. I have praised the values manifested by the Peruvian people throughout their history. I have time and again insisted that only a peace based on justice will be able to convince our two peoples to decisively undertake the march toward the future that is today obstructed in large measure by our inability to find a negotiated—rather than an imposed—solution to this dispute. I want to send the Peruvian people a message of peace and ask them to support the peace process, because only in this way will we be assuring the future of our children and of the future generations. Peru and Ecuador need to march together to achieve the authentic objectives that devolve on them as Latin American peoples. That is the message I am sending them.

[Box, p 10]

Deadly Anxiety

[Gullo] General, you say that in order for Ecuador to have a national identity, it must resolve the territorial question. Do you believe that the "to be or not to be" of Ecuador—and the future of the Ecuadoran nationality—is at stake here?

[Moncayo] At no time have I said that the territorial problem has to be solved in order for Ecuador to have a national identity. I do not know where you may have obtained that information, because Ecuador's national identity has been forged over a period of centuries and cannot be forged on the basis of a circumstantial event such as the resolution—or nonresolution—of a territorial problem. Ecuador's national identity has been manifested to an extraordinary degree whenever the

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nation has been in danger. I believe that beyond all the problems that beset our country, there exists—solidly formed and profoundly nourished by sociological and historical roots—an Ecuadoran nation that wishes to live in peace, that wishes to live with dignity, that will not consent to be humiliated or offended: an Ecuadoran nation that wishes to integrate itself into the great assemblage of Latin American nations but can do so only on the basis of mutual respect and mutual cooperation, which are the fundamental premises that must govern the integration of these peoples that are artificially separated from each other.

[Gullo] Nonetheless, General, in your interview on Radio Vision you said: "Like you, and like all Ecuadorans, I have experienced anxiety over the territorial problem. I believe it is an anxiety that pervades the conduct of our daily affairs. Because of this anxiety we have become soldiers; because of this anxiety we have trained ourselves. I believe the territorial problem is basic to the projection of our history and to the very survival of our nationality. It is a deadly anxiety." Some persons in Lima view that statement as strongly resembling Hitler's anxious desire for Lebensraum. Some say that like Hitler, in these words of yours you link the survival of the nation—or make it subject—to the solution of the territorial problem.

[Moncayo] Well, that is a gratuitous interpretation; it is devoid of any practical meaning and suffers from an absence of all the requisites of serious thinking. It does not merit the slightest consideration even from an ethical standpoint, because to interpret my words in this manner is a deliberate and perverse attempt to portray a personality that does not exist and to make comparisons that are also meaningless. What is real is that Ecuador has lived under a permanent threat from the Peruvian political and military leadership. This is no invention of mine; the documentation exists. You perhaps are not aware of it, but there are documents from the middle of the 19th century that record an effort to divide Ecuador between Colombia and Peru. Did you know that?

[Gullo] No, I really did not.

[Moncayo] Well, you should know it, because there are documents that stated the need for simply dividing this nation because its existence disturbed the good relations that had existed in the area. You cannot, I insist, disregard these historical events. How many times has Guayaquil been occupied by Peruvian troops? How many times has our border area been occupied? I ask you: when has Ecuador ever invaded Peru, at any time in our common history? Never. Obviously, therefore, the threat of aggression has always been present throughout Ecuador's history. Aggression has been a permanent threat—an ever present threat—that we Ecuadorans have experienced and that you obviously cannot perceive, but a threat that we do perceive and in fact have experienced.

Venezuela

Venezuela: Defense General Orzoco Denies Coup Rumors

PA2003030896 San Cristobal Ecos del Torbes in Spanish 1958 GMT 19 Mar 96

[FBIS Translated Text] Defense Minister General Moises Orozco Graterol has denied rumors of a military uprising in Maracay, Aragua state, site of the Palo Negro air base and bastion of the officers who participated in the November 1992 coup attempt.

Rejecting the reports on a coup, broadcast by a local radio station, Orozco said the Armed Forces are devoted to their work and that the idea of a coup as the only solution exists only in the mind in those who conspire against the system.

Asked about the movement of several F-16 planes observed in Maracay, he said the planes were participating in tactical patrol training maneuvers.

Venezuela: President Swears In New Cabinet Members

PA1903132496 Caracas Venezolana de Television Network in Spanish 0200 GMT 16 Mar 96

[Report by Melissa Soto; passages within quotation marks recorded, speakers identified by caption]

[FBIS Translated Text] President Rafael Caldera swore in his new ministers at the Miraflores Palace. The appointed ministers said that on the upcoming days, they will begin implementing measures to produce the needed changes in the country.

During the swearing-in ceremony, Caldera thanked the outgoing ministers for the job done.

"I want to express my gratitude and note that the new appointments to the posts formerly occupied by them, does not imply a negative evaluation of their work. I believe they have contributed with their service to the country and Venezuelans in a positive way."

The great day arrived together with the anticipated changes in the cabinet. A total of eight new ministers were sworn in, among others, Economist Teodoro Petkoff, who from Cordiplan [Office of Coordination and Planning] will contribute to the success of a stabilization and adjustment program.

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"We will have to adopt measures, which at the beginning trigger an increase in prices, but will bring stability to the economy and put an end to this crazy raise in prices that has people wondering everyday about product prices."

Minister of Development and Foreign Trade Freddy Rojas Parra is willing to adopt measures to prompt exports, however, he believes there are other priorities.

"There is a program, which encompasses a number of ample measures, which should be adopted this year in order to solve current problems. What is important, is for the people to understand that we are facing serious problems and difficulties, however, there are possible solutions, as long as there is participative support and contribution."

Another important change took place at the Interior Ministry located in Carmelitas. Interior Minister Jose Guillermo Andueza is willing to do all that is necessary to face the lack of security and disturbances.

"I believe that repression without putting an end to the cause and origin of delinquency is useless. Therefore, one of my goals is to go to the root of the problem."

New Federal District Governor Abdon Vivas Teran will aid in this task to make Caracas a governable city.

"I believe the most important issue of this administration is security. This means providing solutions to ensure a decrease in situations of panic and horror, which are sometimes present in the city. Moreover, we want to demonstrate that the police force could be an ally of the citizens."

Meanwhile, new Justice Minister Enrique Meyer's main objective will be to eliminate the Catia prison, once and for all, although he does not know when and how this new measure will be implemented.

"This is a challenge that I do not know if I will be able to respond to. I was not appointed to warm up a seat, but to try and fulfill a task."

Former Governor Asdrubal Aguiar was appointed minister of the Secretariat of the Presidency. He wants to implement the program Caracas, I Love You.

"The model is very good and has great potential, therefore, in addition to the routine efforts by the secretary of the Presidency, who has given the program his time on Saturdays; the program should have an institutional profile to be shared with other governors in the interior of the country and mayors of the metropolitan area."

Among the priorities of Simon Garcia, minister of relations with Congress is to prevent a vote of censure against Finance Minister Luis Raul Matos Azocar.

"The point is that at present, Finance Minister Matos Azocar is heading negotiations, which are very important to the country and I hope that the different factions will act in a responsible way."

It is important to mention that a coordination meeting between the outgoing and incoming representatives was held in order to discuss common objectives that could contribute to the preservation of some of the programs at these institutions.

Venezuela: Burelli Discusses IMF Talks, Colombian Ties

PA1503142396 Caracas ECONOMIA HOY in Spanish 10 Mar 96 pp 12, 13

[Interview with Foreign Minister Miguel Angel Burelli by reporters Ana Carolina Griffin and Amarelis Vasquez; place and date not given]

[FBIS Translated Text] Foreign Minister Miguel Angel Burelli is not scared by the fact the country is negotiating with the IMF. On the contrary, he believes that the IMF belongs to all its member countries, which can or must resort to the IMF in case their economies enter a period of difficulties. "Only those who are not aware of the Fund's origin can think of it as a bad enemy, a danger," he affirmed.

A member of the cabinet since the beginning of the government of President Caldera, the foreign affairs minister does not look worried over the prospect of being included in the cabinet change announced for next week. For many, he is one of the current administration officials that will not be removed.

Optimistic, in spite of the profound crisis the country is experiencing, he insists that Venezuelans should not let themselves be discouraged by pessimism, which, according to him, Caracas residents are suffering. He stated: "One must go to the interior to see this beautiful and hardworking country; there, one can see a great deal of activity. But here in Caracas the entire family of bankers live, and one finds ladies from high society who say, 'this is no good; this is crumbling.' This creates a pessimistic atmosphere."

Among his immediate plans, Burelli ratified his determination to improve ties with the Asian continent. Thus, he announced that in the first half of this year he will tour that region, including Korea and Hong Kong. He also said he hopes the reform to the Foreign Service

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Law will be approved this year, together with the reorganization of the Foreign Affairs Ministry [MRE]. This task reportedly generates fear among MRE officials.

[ECONOMIA HOY] What is your opinion about the negotiations with the IMF? Do you believe that the country does not want to negotiate with the IMF, or are we capable of implementing measures without resorting to the organization?

[Burelli] Any negotiation with the IMF is perfectly legal and convenient, because the IMF is not a monster created by our enemies, but an entity of the international community that we joined voluntarily. It is the organization we have created, by common agreement, to regulate the financial affairs of member states. Therefore, once a state confronts financial difficulties, it has every right to resort to the IMF to negotiate any form of standby agreement or loan in order to balance an irregular economy. That is legal: Only those who are not aware of the Fund's origin can think of it as a bad enemy or a danger. The IMF exists, as do the judges we appoint to oversee violations, as do traffic authorities if you run a red light and a policeman stops you. If you confront economic difficulties, you have the IMF at hand. It is yours to ask advice from and request assistance for putting your house in order. That is all.

[ECONOMIA HOY] Do you think that the executive branch is really willing to reach an accord with the IMF?

[Burelli] The president is willing to reach an accord. The delay has possibly centered on how to reach this accord; we are trying to do this as well as possible and that is a matter of basic negotiations.

[ECONOMIA HOY] Following the visit of a mission from the Federal Aviation Administration (FAA) to the country, how do you see the possible reclassification of Venezuela concerning aeronautics aspects?

[Burelli] In Venezuela, in the past there has been a nonfulfillment of certain provisions and, above all, a lack of timely information about what we do. I would say the most serious thing here is precisely that lack of information on what we do. This has resulted in lack of timely answers to the commissions that come to investigate how maintenance shops for overhauling aircraft work and casts doubts on the condition of Venezuelan aircraft entering the United States. Hence, they may downgrade the country to category 2 [categoria 2] or possibly category 3 [categoria 3], which would involve banning access of national aircraft to the United States. But that is not going to happen because we have worked, together with the Ministry of Transportation and Communications, to demonstrate with facts, and not with words or extensions, that our shops meet the requirements to guarantee the safe functioning of the aircraft, and that is progressing well. I hope we are not moved to category 3 and, on the way to recovery, I hope we will return to number 1.

[ECONOMIA HOY] What would the next step be?

[Burelli] At this time, the results of the FAA mission are being evaluated. There was a meeting on 26 February, and currently, the investigations they conducted are being analyzed. In addition, the decree on aeronautical regulations, which modifies all maintenance services, was approved during the delegation's stay.

[ECONOMIA HOY] When will a final answer be disclosed?

[Burelli] I cannot give any details on this, because the ball is already in the other court, but I believe the situation is satisfactory. The only problem was a certain delay in providing answers and disclosing the details of what is being done.

Without Excuses

[ECONOMIA HOY] Currently, what is your opinion of our relations with Colombia?

[Burelli] Since I know somewhat more about this subject than the people polled on the streets, I can tell you that I have a positive opinion. Our relations with Colombia are good considering that they undergo constant fluctuations. There is constant concern over the situation near the border, particularly on certain points affected by drug trafficking and guerrilla activities, which, in the end, are the same, since the guerrillas constitute the armed limb of drug trafficking. We must coexist with this scourge for as long as it lasts; this is the reason we demand that Colombia sustain with us — to the same degree, at least — an affliction that is not ours, but is imported from there.

[ECONOMIA HOY] Doesn't the current political situation in Colombia hinder the process of finding solutions to the border problem? Won't its solution depend on a solution to the crisis?

[Burelli] No. This is not something that can be postponed. It is nothing like "hold on just one moment, messrs. guerrillas, we have a problem over here." Here is a country that is sustaining human losses. We must protect the two sides of the border even if Colombia is the source of the attacks; there has never been any aggression against them from Venezuela. We do not have guerrillas.

[ECONOMIA HOY] Will there be a final solution to this issue some day?

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[Burelli] There cannot be more solutions than the ones we should find for each particular problem. The Colombian situation is a very old one, and the guerrillas have increasingly sought shelter, a respite in the heavily wooded and sparsely populated border. Thus, we are very understanding regarding Colombia's situation, but the problems they are experiencing do not justify their recent neglect of the border area.

What Powerlessness!

[ECONOMIA HOY] How is the reform of the Career Service Law coming along?

[Burelli] I am very pleased. Senator Haydee Castillo, the new vice president of the Chamber of Deputies, has taken very seriously the need to provide this service with a modern and dynamic law such as the one that has resulted from the synthesis of the seven bills that have been submitted. We have spoken to her. She has summoned everyone who has anything to say to listen to their views, and this is very important. She has said that the law will be promulgated this year.

[ECONOMIA HOY] What has happened to the reorganization of the foreign service?

[Burelli] I should have submitted it to the Council of Ministers last week, but Cordiplan [Coordination and Planning Ministry] has asked me to wait some time. The reorganization has already been prepared. The process is under way.

[ECONOMIA HOY] What does it consist of?

[Burelli] It comprises several aspects. First of all, the process seeks to speed up the service, the internal procedures and the bureaucracy, which is as slow in this sector as it was nationwide. This is a country in which the Civil Procedures Code establishes a 15-day term to send a notice from Merida to Caracas, because one had to travel by horse, or two months from here to Europe, because one had to travel by ship. At present, with the availability of faxes, all of this is absurd. We must update the Foreign Ministry, adapt it to the age of cybernetics and the immediacy of communications. This is a long process, and so is the streamlining of personnel. We have cut the general directorates of various groups by half, and we plan to reduce our personnel abroad, which represents our largest expenditure.

[ECONOMIA HOY] It has been said that most of the personnel recalled from abroad have no room in the Ministry.

[Burelli] They earn their salaries in bolivares. They have nothing to do, since their appointments were due to recommendations. Most of these people, whom the state cannot afford to maintain on its payroll or assign to posts abroad, come here and do not find anything to do here either. This is the reason why I gave them instructions to get their checks at homes so that they will not distract the people who work here.

[ECONOMIA HOY] How could you allow people to collect a salary if they are not working?

[Burelli] How do I fire them? I would be glad to fire them, but the Foreign Service Law is tied up with the Public Administration Law, which bars dismissals. I will tell you a pathetic story. After I had been in office 15 days, I was told that a worker was admonished because he had not come to work for 11 days. According to the law, the admonishment must be shown to the worker for him to read and sign; he signed "Rafael Caldera, Convergence." It has been two years since then, and this worker is still here. What powerlessness! A state cannot organize itself if there is no fear of dismissals. An official will only be efficient if he is aware that he is not indispensable. However, if the official knows that he will be able to retire merely by putting his bottom on a chair for 30 years, he will spend 30 years sitting on a chair doing nothing.

[ECONOMIA HOY] Does the admendment to the Foreign Service Law include a solution to these cases?

[Burelli] We foresee getting around the Administrative Career Law, which is what keeps the rascals in. How can it be that an individual — whose only merit is that he comes in to read the newspapers every day, goes out to lunch at noon, has a siesta, and returns in the afternoon — gets to be an ambassador just because he spent 20 years in the Ministry? It cannot be. Without being qualified, improving his intellectual performance, without showing interest in the country or solidarity with anything. We are used to that. Nothing can be done about that. One cannot give orders except for dismissing an individual who has misbehaved, but he cannot be under current circumstances. Otherwise one becomes the laughingstock of the world. I got tired of that. This is Venezuelan public administration. Everybody is thinking of a bonus. There is a money surplus, and the solution proposed is "let us distribute it in bonds among the personnel." The savings are to overcome the fiscal crisis Venezuela is experiencing, not to divvy them up.

[ECONOMIA HOY] Are you going to return the money to the treasury, as you did last year?

[Burelli] No, I am not going to do that this time because of all the flak I got from my colleagues. I returned 1.080 billion bolivares, and I got flak from everybody. That is what they wanted, for it to be divvied up here. This time, I bought computers and ordered repairs in damaged equipment at the embassies.

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Excessive Pessimism

[ECONOMIA HOY] What image of Venezuela is the Foreign Ministry promoting abroad?

[Burelli] We are promoting the government's intention of improving the country and the government's attitude, which is not corrupt. What happens is that the good things are not advertised. It would seem there is nothing but chaos and ruin. Gonzalo Parra-Aranguren won an appointment to the International Court of Justice, and nobody is interested in that. That does not make news. There are many more things like it. The situation is not catastrophic. Colombia, with all the problems it is afflicted with, is not such a pessimist country. The people in Bogota believe in the nation. If I had in Caracas the fundamental opinion that people have in Bogota regarding the vision of their country, I would feel happy. Do you think there is a happy country now? Discontent is widespread. Before it was very easy. We used to guide ourselves by simply going by what Moscow or Washington felt. There are no rules now. Every country is inventing them.

[ECONOMIA HOY] How can we defeat pessimism in the midst of this crisis, inflation, the country is experiencing?

[Burelli] Galloping inflation is a new development, but we have been pessimistic for six years, following the start of coup attempts, all this nonsense about banks going under, and wealthy kids having millions in banks abroad while the poor depositors are trying to recover their money.

[ECONOMIA HOY] Aren't these reasons to be pessimistic?

[Burelli] These are reasons to be pessimistic, but there are countries that have gone through worse things. Pessimism is the mood in Caracas. Unlike all the other countries, Venezuela has six economic resources, and each one serves to lift the country out of its morass. What happens is that people do not think about that. We did not know about inflation. We did not have a Bank Superintendency. We used to believe that banks were "saints" and "pure," and that the superintendent merely received the statements sent to him by the bankers every 15 days and was satisfied. To be sure, five plus seven equals 12. But where do the five and seven come from? Nobody looked into that. The government has made a gigantic effort to raise salaries, and the Congress did not approve the decree. The government offers what can be sensibly paid, what it has in the budget to pay. Where is it going to get the money? Servicing the foreign debt alone totals 1.8 trillion bolivares a year; 38 percent of the budget. The governments contracted that debt when Venezuela was much richer, when oil cost $34 a barrel, and now we have to pay it, and deprive Venezuelans of highways, hospitals, and schools. So, we have reached a tragic situation.

Venezuela: Defense Minister Discusses Border Problems

PA1503233496 Caracas EL UNIVERSAL in Spanish 11 Mar 96 p 1-12

[Report on 'exclusive' interview with Defense Minister General Moises Orozco Graterol by journalist Berenice Gomez in Caracas on 10 March: "Division Gen. Moises Orozco Graterol: There Is No Binational Guerrilla"]

[FBIS Translated Text] Caracas. I am unaware of documents that would lead anyone to believe that Venezuelans are participating in an alleged border binational guerrilla group; this has only been brought to my attention through newspaper reports, stated Defense Minister Army Gen. Moises Orozco Graterol.

Yesterday, statements attributed to Gen. Ivan Ramirez Quintero, commander of a Colombian Army infantry division, and included in a news dispatch datelined Barranquilla on the Colombian coast, were disseminated by EFE and DPA news agencies, and reported by EL HERALDO newspaper.

According to the Colombian military officer, "The Colombian Army had uncovered evidence related to the existence of a guerrilla group known as the "Free Borders Bolivarian Commando" made up of Colombian and Venezuelan nationals."

The Colombian military officer added that "the results of a recent police operation in Barranquilla during the last few days proves that the "Free Borders" commando does exist."

El UNIVERSAL was able to obtain an exclusive interview with the Venezuelan Defense Minister on the statements by the Colombian officer. These were his answers:

[Orozco] I repeat, I am unaware of the situation and everything related to it. I believe it is another attempt by the Colombian Government to dodge its responsibility with respect to the absence of a Colombian police, military, or official presence along the borders, as we have denounced on many occasions, even in statements while in Colombia. We have established that they simply do not have a presence in that area, Minister Orozco responded.

I cannot, and do not want to get involved in the internal affairs of another country — Gen. Orozco added — but Colombia's practice of granting double nationality,

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which implies two identification cards along the border, only creates problems and inconveniences. In other words, it complicates things.

[EL UNIVERSAL] Foreign Minister [Rodrigo] Pardo says that the border problem is an issue that concerns both administrations (Caldera and Samper). Do you have any comment on this?

[Orozco] Look, it is true that the problem of narcoguerrillas attacking and harassing Venezuelan troops along the border and murdering Venezuelan soldiers is not their problem, because they have no problems along the border. I would like to see them stop protecting their cities so much and start guarding the borders some more.

Here, in Venezuela, we do not have a problem with those who want to obtain power, who want to change things, and they have no need to resort to weapons. They simply become politicians and freely take part in politics.

[EL UNIVERSAL] However, the head of Infantry Division I, himself, guarantees that they have documented evidence to prove the presence of Venezuelan nationals in the guerrilla group.

[Orozco] As far as I am concerned, that documented evidence has no validity whatsoever. The usual channel of communication is not the media, it is through the Interior Relations Ministry, or even through the continuous communications and consultations we have going. If such documents exist, they could have been forwarded to me officially. Therefore, as far as I am concerned, such documents do not exist.

[EL UNIVERSAL] The newspaper report gave assurances that your subordinates (Venezuelan military officers) are working jointly with the Colombians to ascertain the veracity of the documents. Is this true?

[Orozco] I am unaware of that, was the minister's last response.

Previous Statements by Defense Minister

On two opportunities, EL UNIVERSAL has witnessed binational meetings between the Colombian and Venezuelan military commands, once in Colombia and twice in Venezuela.

It is common practice for Colombian reporters to turn to Venezuelan Defense Minister Orozco with the same sort of question, which is based on information that the Colombian military has given "off the record." [previous words in English] The answer has been the following:

There are no guerrillas in Venezuela. We eliminated them in the 1960's. There is the possibility that particular individuals and Venezuelans are participating in these criminal activities, however, this should not be interpreted as though there are Venezuelan guerrillas, which is totally false.

They Should Guard the Border

Orozco's hopeful question that "if they have no problems, why don't they take care of the border?," refers to the manner in which the Colombian Armed Forces distribute their cadres, by practicing a military strategy of "economy of efforts," concentrating its military troops, personnel, resources, military deployment and police force in guarding Colombian main cities. The reason for this is that the guerrillas operate there and set up headquarters near the areas of influence, while at the border they are almost non-existent. This has been repeatedly reported by the news media.

Every time Colombian and Venezuelan reporters interview Colombian military members about the disregard for the border from the part of the military and police forces, they say that "Colombia is making all efforts in accordance with its budget" and begin to list the units they are to install and those that are future projects at the Venezuelan border.

On the other hand, it has been reported that guerrillas operate freely in vast regions of Vichada, Arauca and Guainia, which are called "guerrilla-liberated areas." In these areas, inclusively, they are the authorities. There, the residents elect candidates proposed by the guerrillas to posts, such as governor, mayor, heads of corregimiento, and other civilian positions. So, therefore, the natural spokespersons of the military are guerrillas.

Venezuela: Caldera Inaugurates Refinery Remodeling Project

PA1803121596 Caracas Venezolana de Television Network in Spanish 0200 GMT 16 Mar 96

[Report by Zulay Rosas]

[FBIS Translated Text] President Rafael Caldera inaugurated today, 15 March, the Cardon Refinery's remodeling project in Falcon State with an investment of $2.5 billion.

The project to remodel the refinery includes the implementation of three works, the plant to generate and distribute electricity to the oil complex, the plant that will produce white oils [aceites blancos] and [word indistinct] solvents, and the coking unit.

The Cardon Refinery will, thereby, generate refined products in keeping with environmental requirements and the quality demanded by international markets.

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After inaugurating the work, the president said he was pleased because it is a sign of the continuous progress shown by the oil industry in the country.

[Begin Caldera recording] I cannot hide my satisfaction after having participated in these three inaugurations. I am pleased with the formidable job done in the remodeling of the Cardon Refinery. I am pleased with the construction of an electric plant and a plant for the production of oils and solvents, which are signs of the continuous progress shown by the oil industry in our country. When the Venezuelan state assumed the responsibility for the oil industry, it was aware — and it is more aware than ever — of the responsibility to [word indistinct].

The oil industry, even though by definition it is an industry of extraction, it is not [words indistinct] as simple as you can imagine. There are people who think that to produce oil you just have to find an oil field, stick in the [word indistinct], tap the oil, and sell it. The oil industry faces increasing demands and the technology moves forward and the executives in charge of the oil industry in all subsidiaries and in all related industries have had the firm, decisive, and important support of the government I preside over to comply with this huge task, which is the huge task of Venezuela.

We are convinced, as the Maraven president said, that it is not only a matter of meeting a current demand. This has been designed for the future. All indicators show that in the next few years, especially in the early years of the 21st Century, energy will be a greater necessity in the world and the oil market will greatly expand. We must be prepared for that.

When I greeted the President of the United States, Mr. Clinton, on the occasion of the 50th anniversary of the creation of the United Nations, his words were [words indistinct]: Venezuela is the first supplier of oil for the United States. I answered: That is right, Mr. President, but we are also the sixth importer of U.S. goods.

Our condition as reliable supplier of oil has been a permanent one for the United States. During the tragic war years, our petroleum helped win peace, the freedom of peoples, and understanding among nations.

I am very pleased that Mr. Carter, a distinguished official linked to the U.S. Energy Department, has come here to accompany us in this event. He will see how the Venezuelan oil industry, how the Venezuelan Government, and how the Venezuelan people are aware of their responsibility. They know their responsibility is big and will be bigger each day in supplying indispensable products so that energy can produce development, progress, and well being among peoples. I am very pleased for many reasons. According to the words of our dear bishop of Coro, Msgr. Roberto Hiller, who said this looks like a Tower of Babel, we must recognize that there is understanding, unity, and harmony. What we are celebrating here today is the work of team leadership, which has been able to join the public and private sectors. It has been able to join foreign investment and the technologies of other countries with our technology. It has especially demonstrated a willingness to work, the fruits of which could not be harvested if it we were not harmoniously coordinated. This leadership is aware of the fact that we are working for Venezuela. Ladies and gentlemen we are demonstrating that we are working for Venezuela. Our commitment to the country is a big one. This fills us with deep satisfaction.

Today, the media reported that in February 1996, foreign investments in the country were 240 percent more than in February 1995. These are facts, which refute the adverse propaganda, the criminal and negative propaganda that wants to sink into pessimism the energies of the Venezuelan people. If there is something that pleases me in today's inaugurations, in addition to the congratulations expressed by the various agents that have contributed to the building of these projects, is the recognition that the works were completed in record time. I have attended many inaugurations. I have inaugurated industrial plants in different parts of the country and in many of them I have found that they were completed before the deadline. While some were shouting useless propaganda against the country, there were Venezuelans working hard everyday with enthusiasm and with faith to fulfill their duties, which are the fundamental duties with Venezuela. [applause]

In the annual message I delivered in Congress on Tuesday, 12 March, I quoted a distinguished Italian politician who had faced a situation similar to ours: These have been difficult years but not unproductive ones. The inauguration we are celebrating today shows that these years have not been unproductive ones.

I want to congratulate the members of the board, the workers, the managers, and all those who have contributed to this great work. I want to congratulate them and myself as a Venezuelan, as president of this country, because we do have things that increase our self-esteem and faith that [words indistinct] in the future of our country. [end recording]

With the inauguration of these important works, the Cardon Refinery becomes one of the most complex in the world with a capability to generate additional revenue of $2 million.

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